Newfoundland and Labrador

Budget Highlights 2002

STRIKING THE RIGHT BALANCE

BUDGET OVERVIEW

Economic Performance

- Strong economic performance in 2001:
  - → Employment grew by 3.3% to a record high of 211,300
  - → Unemployment rate of 16.1%, the lowest since 1989
  - → Retail trade grew by 8.5%, to more than $4.9 billion, the fourth year since 1996 that growth exceeded 7%
  - → Real GDP growth of 1.3%
- Strong economic performance expected in 2002:
  - → Employment expected to grow 1.4% to 214,200
  - → Unemployment rate to decline to 15.7%
  - → Retail sales are expected to grow by 3.3% to over $5 billion

Fiscal Performance 2001-2002

- Projected deficit will be $63.5 million versus $30.5 million budgeted.

Budget Outlook 2002-2003

- $4 billion Budget.
- Responsible financial management allows us to forecast a deficit of $93.3 million.

Greater Priority On Youth

K to 12 System

- The current method of allocating teachers, consistent with the report of the Ministerial Panel, would have removed 426 teaching positions over the past two years. However, despite a decline in student enrolment in the last two years, more than one half of the teacher positions (218) scheduled for reduction will stay in the system for the benefit of students. This is an investment of $11 million. Given that there will be more retirements than position reductions, school boards will have to hire new teachers to replace many of the retirees.

- $8.4 million in savings from school reorganization and declining enrolment will remain in school board grants.

- $10 million has been allocated to address priority construction and renovations in the province's school system. Total investment in school construction and renovations since education reform is $170 million.

- $4 million is allocated to address priority repairs and maintenance for existing schools, primarily roof repairs and air quality issues, completing a three year commitment of $12 million.

- The budget for professional development is maintained at $4.4 million.

- An additional $1 million has been allocated to the Provincial Information and Library Resources Board for the purchase of new library books.

Youth and Post Secondary

- $3.5 million has been earmarked for MUN to make university education more affordable. Student leaders and administrators will be invited to participate in a roundtable discussion to provide advice on how best to invest this money, by a further 10% tuition reduction or other actions to reduce student debt.

- $4.8 million is allocated for the Student Investment and Opportunity Corporation to give our youth more opportunities to gain work experience and employment to offset the cost of their education.

- $3 million is provided to the MUN Opportunity Fund, bringing our total contribution to date to $24.3 million.

- $500,000 is provided to permit post secondary institutions to lever additional support from the Canada Foundation for Innovation.

Maintaining Priority On Health

A Top Priority

- Total funding allocated for the Department of Health and Community Services is approximately $1.5 billion.

- Government is committing $2.7 million annually to provide a 4% wage increase to home support workers, beginning with a 2% increase on June 1, 2002 and a further 2% increase on December 1, 2002.

- $1.1 million is provided to implement a Wellness Strategy which will include expansion of the breast and cervical screening programs and a renewed commitment to the provincial tobacco strategy.

- Government is committing an additional $1.3 million to increase rates to personal care homes and the number of subsidies for individuals, bringing the total to $13 million annually.

- In response to anticipated retirements in the nursing profession, $300,000 is allocated to increase the number of students admitted into the nursing program.

Health Facilities

- Total value committed for capital spending for new health facilities, renovations of existing facilities and equipment is $51 million:

  - → $31 million will be spent on planning and construction of capital projects currently underway in all regions of the Province including major projects in Gander, Fogo, Stephenville and Grand Bank.

  - → $5 million will assist with renovations and repairs to existing facilities.

  - → $15 million will be spent on new diagnostic, clinical and related equipment.

- $800,000 is provided for a psychiatric assessment/short stay unit in St. John's.

Supporting Our Families

- Funding of $2 million is provided to continue initiatives under the Strategic Social Plan.
- For the second consecutive year, the income threshold for the Newfoundland and Labrador Child Benefit (NLCB) will increase. This change will benefit about 4,000 families receiving the NLCB, and also mean that families near the top of the income threshold will not lose partial benefits as quickly.
- $2 million has been allocated to assist low income homeowners offset the cost of fuel tank replacement.
- An additional $1.3 million has been allocated to enhance compliance, monitoring and enforcement of the Occupational Health and Safety Act.
- As part of its continuing efforts to address the problem of violence against women, children, the elderly and others, $500,000 is provided to the Violence Prevention Initiative.

Supporting Our Communities

- Municipal Operating Grants are maintained at $21.5 million.
- Several multi-year capital works programs have been budgeted, including:

  → $108 million multi-year Municipal Capital Works Program, to be cost shared 50/50 with municipalities over a three year period, designed to fund larger scale infrastructure projects, such as water and sewer, in larger communities.

  → $90 million Canada-Newfoundland Infrastructure Program to be cost-shared over the next three years between federal, provincial and municipal governments that will focus on green projects and water quality initiatives.

➔ $63 million Municipal Capital Works Program to be cost-shared between the province and municipalities over a three year period that will focus primarily on short term projects, such as paving and recreation, in rural areas of the province.

- $12 million has been allocated to the Municipal Debt Relief Program, bringing the total allocated since 1997-98 to $47 million. This program helps municipalities develop sound financial plans and restructure long-term debt.

- $1.5 million in additional funding has been provided to the Safe Drinking Water Initiative.

- $600,000 has been allocated to continue with environmental remediation work at abandoned sites at Northwest Point in Labrador, Jerry's Nose/West Bay on the Port au Port Peninsula and in St. Anthony.

Priorities In Infrastructure

- $82.2 million will be spent on improvements to the Trans Canada Highway, major trunk roads and provincial roads, and continued construction of the Trans Labrador Highway.

- $3 million is allocated for forest access and agriculture roads, an increase of $600,000 over last year.

- $1.8 million will be spent on wharf and ferry terminal upgrades on the island.

Always A Priority - Jobs And Growth

- New funding of $3.3 million is provided for consumer contact centres.

- $2.8 million is provided for implementation of Jobs and Growth Strategy initiatives including supporting the Strategic Partnership Initiative between business, labour and government that was launched earlier this year, establishing a new Small Business Advisory Council and funding the New International Business Attraction Initiative.

- $10 million has been allocated to continue work on the environmental reclamation of the former Hope Brook mine site.

- An additional $2 million is allocated for the insect spray program, bringing the total to $6.5 million annually.

- $2.2 million is allocated to continue the mineral exploration assistance program.

- $2.8 million annually has been allocated for the newly established natural heritage initiative.

- The tourism marketing budget will be increased by $1 million, bringing the total budget to $4.9 million.

Acting On Labrador Priorities

- A six year, $100 million commitment has been made for construction of Phase III of the Trans Labrador Highway from Cartwright to Happy Valley-Goose Bay. This initiative will commence following completion of the environmental impact study.

- $17 million will be spent this year to complete construction on Phase II of the Trans Labrador Highway from Red Bay to Cartwright.

- $3 million is budgeted to begin construction of a road to connect Pinsent's Arm to the Trans Labrador Highway.

- $2.6 million has been allocated for other road projects including, upgrading of roads in Rigolet, Northwest River, Port Hope Simpson, Cartwright, Charlottetown and Mary's Harbour.

- An increase of $394,000 is provided for winter maintenance of the newly opened sections of the Trans Labrador Highway, bringing the total maintenance budget for the highway to $4.5 million.

- $2.2 million is provided for improvements to marine infrastructure in Postville, Norman Bay, Black Tickle and Cartwright.

- $700,000 is provided for the Labrador 2002 Celebrations which, when combined with other funding sources, totals $1.8 million.

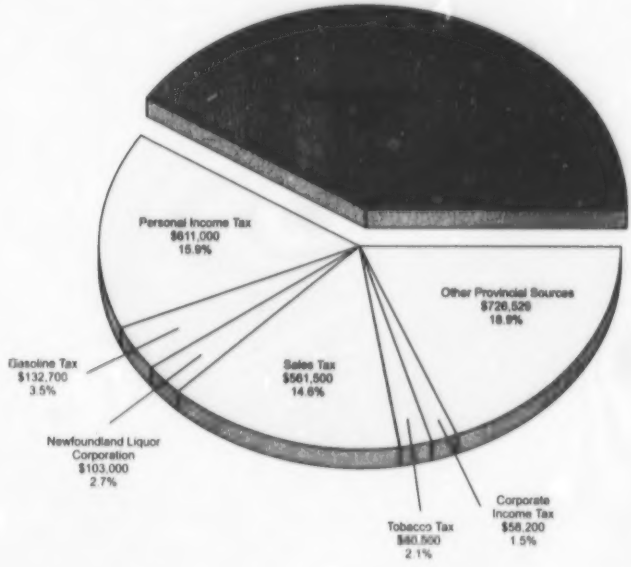
- Funding for the Labrador Travel Subsidy will be maintained at $427,000.

- $250,000 in additional funding is provided for the Transition House Program, a significant portion of which will enhance services in Labrador.

- $100,000 is committed for snowmobile trails in Labrador for communities not connected by road.

SUMMARY OF CURRENT REVENUES (By Source)

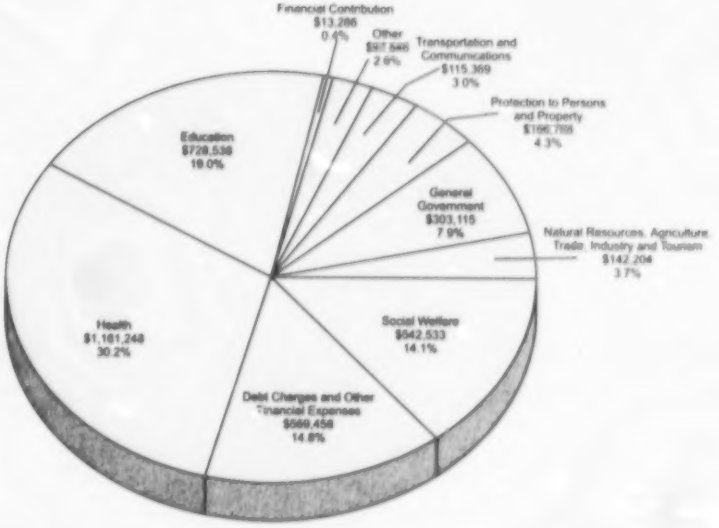
WHERE THE MONEY COMES FROM



Percentage Of Total		Source	Amount ($000)	
Revised 2001-02	Estimate 2002-03		Estimate 2002-03	Revised 2001-02
		Provincial:		
16.1	15.9	Personal Income Tax	611,000	611,838
14.0	14.6	Sales Tax	561,500	535,063
3.4	3.5	Gasoline Tax	132,700	130,000
2.4	2.7	Newfoundland Liquor Corporation	103,000	90,000
1.7	2.1	Tobacco Tax	80,500	65,500
1.4	1.5	Corporate Income Tax	58,200	54,665
19.6	18.9	Other Provincial Sources	726,529	746,332
58.6	59.2	**Total: Provincial**	2,273,429	2,233,398
		Government of Canada:		
30.5	30.2	Equalization Payments	1,158,015	1,162,390
10.9	10.6	Other Federal Sources	408,721	413,907
41.4	40.8	**Total: Government of Canada**	1,566,736	1,576,297
100.0	100.0	**Total**	3,840,165	3,809,695

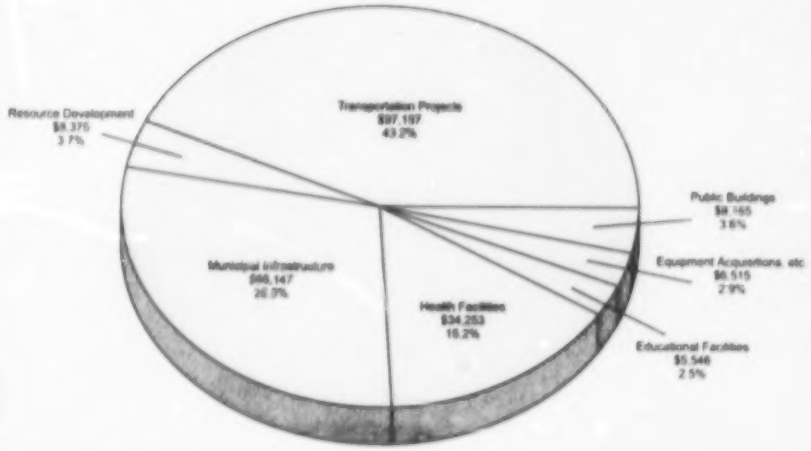
SUMMARY OF CURRENT ACCOUNT EXPENDITURES (By Function)

WHERE THE MONEY GOES



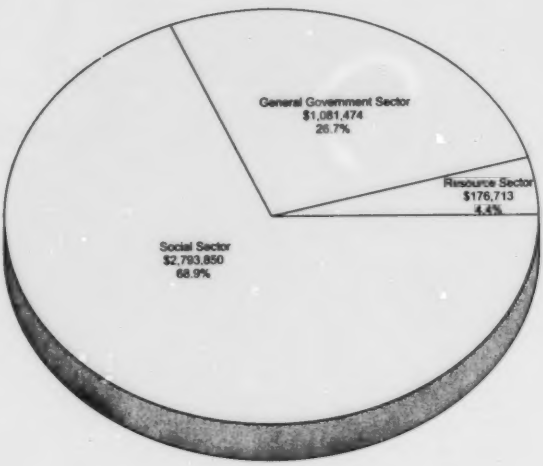
Percentage of Total		Function of Expenditure	Amount ($000)	
Revised 2001-02	Estimate 2002-03		Estimate 2002-03	Revised 2001-02
		Expenditure:		
19.3	19.0	Education	728,538	736,765
29.6	30.2	Health	1,161,248	1,127,131
15.1	14.8	Debt Charges and Other Financial Expenses	569,458	575,157
14.1	14.1	Social Welfare	542,533	537,377
3.5	3.7	Natural Resources, Agriculture, Trade, Industry and Tourism	142,204	132,873
5.7	7.9	General Government	303,115	217,330
4.5	4.3	Protection to Persons and Property	166,768	171,322
3.1	3.0	Transportation and Communications	115,369	117,859
2.6	2.6	Other	97,648	97,658
97.5	99.6	**Total: Expenditures**	3,826,879	3,713,472
2.5	0.4	**Financial Contribution**	13,286	96,223
100.0	100.0	**Total:**	3,840,165	3,809,695

SUMMARY OF GROSS CAPITAL ACCOUNT EXPENDITURES
(By Function)



Percentage of Total		Category of Capital Expenditure	Amount ($000)	
Revised 2001-02	Estimate 2002-03		Estimate 2002-03	Revised 2001-02
		Expenditure:		
44.9	43.2	Transportation Projects	97,157	126,055
3.1	3.7	Resource Development	8,375	8,722
16.4	28.9	Municipal Infrastructure	65,147	46,103
14.4	15.2	Health Facilities	34,253	40,270
4.1	2.5	Educational Facilities	5,546	11,529
14.0	2.9	Equipment Acquisitions, etc	6,515	39,265
3.1	3.6	Public Buildings	8,165	8,590
100.0	100.0	**Total: Expenditure**	225,158	280,534
		Source of Financing:		
21.8	30.6	Government of Canada Revenues	68,954	61,261
21.2	22.0	Provincial Revenues	49,604	59,525
57.0	47.4	Financial Requirement	106,600	159,748
100.0	100.0	**Total: Sources**	225,158	280,534

SUMMARY OF GROSS GOVERNMENT EXPENDITURES
CURRENT AND CAPITAL
(By Sector)



(TOTAL EXPENDITURE: $ 4,052,037,200)

GROSS GOVERNMENT EXPENDITURE

	Estimate 2002-03 ($000)	Percentage of Total %
Sector Expenditure		
General Government	1,081,474	26.7
Resource	176,713	4.4
Social	2,793,850	68.9
Total: Expenditure	4,052,037	100.0

RESOURCE SECTOR

	Estimate 2002-03 ($000)	Percentage of Total %
Environment	6,885	0.2
Fisheries and Aquaculture	10,478	0.3
Forest Resources and Agrifoods	52,945	1.3
Industry, Trade and Rural Development	46,694	1.2
Mines and Energy	25,682	0.6
Tourism, Culture and Recreation	34,029	0.8
Total: Resource Sector	176,713	4.4

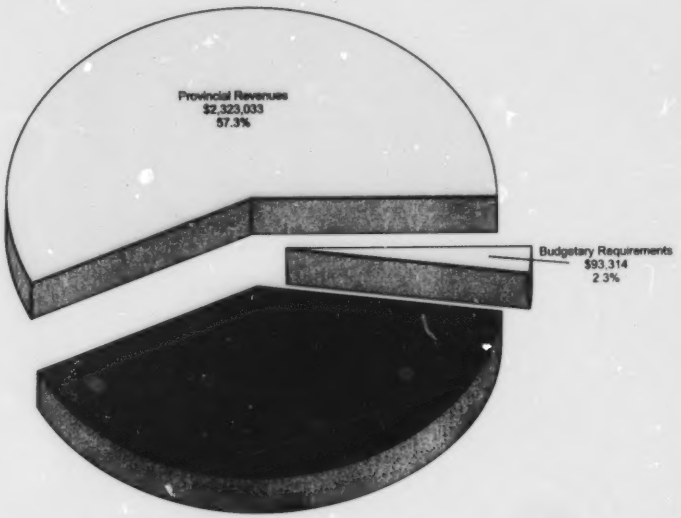
SOCIAL SECTOR

	Estimate 2002-03 ($000)	Percentage of Total %
Education	518,950	12.8
Health and Community Services	1,495,161	36.9
Human Resources and Employment	257,541	6.3
Justice	128,799	3.2
Labour	8,558	0.2
Municipal and Provincial Affairs	128,898	3.2
Newfoundland and Labrador Housing Corporation	10,110	0.2
Youth Services and Post-Secondary Education	245,833	6.1
Total: Social Sector	2,793,850	68.9

GENERAL GOVERNMENT SECTOR

	Estimate 2002-03 ($000)	Percentage of Total %
Consolidated Fund Services	596,219	14.7
Executive Council	33,247	0.8
Finance	135,934	3.4
Government Services and Lands	27,761	0.7
Labrador and Aboriginal Affairs	7,671	0.2
Legislature	13,899	0.3
Public Service Commission	2,612	0.1
Works, Services and Transportation	264,131	6.5
Total: General Government Sector	1,081,474	26.7

SUMMARY OF BUDGETARY FINANCING SOURCES
(For Gross Current and Capital Account Expenditures)



Percentage of Total		Category of Financing	Amount ($000)	
Revised 2001-02	Estimate 2002-03		Estimate 2002-03	Revised 2001-02
		Revenue Sources:		
57.4	57.3	Provincial	2,323,033	2,292,923
41.0	40.4	Federal	1,635,690	1,637,558
98.4	97.7		3,958,723	3,930,481
		Budgetary Requirements:		
		Capital Account (Net Expenditure)	106,600	159,748
		Current Account (Contribution)	(13,286)	(96,223)
1.6	2.3	Total Budgetary Requirements:	93,314	63,525
100.0	100.0	**Total: Sources**	4,052,037	3,994,006

Notes

BUDGET 2002

NEWFOUNDLAND AND LABRADOR

Honourable Joan Marie Aylward
Minister of Finance
and President of Treasury Board

102-03932/

GOVERNMENT OF
NEWFOUNDLAND AND LABRADOR

BUDGET SPEECH 2002

Striking the Right Balance

Presented by

HONOURABLE JOAN MARIE AYLWARD
Minister of Finance and
President of Treasury Board

At The
Fourth Session of The Forty Fourth General Assembly
of The House of Assembly

THURSDAY, MARCH 21, 2002

TABLE OF CONTENTS

SEEKING THE RIGHT BALANCE

BUDGET PLAN
- Our Economic Climate
  - 2001 Review
  - 2002 Outlook
- Our Fiscal Framework
  - 2001-02 Performance
  - 2002-03 Forecast
  - Revenue Measures
  - Public Sector Collective Bargaining
  - Succession Planning

PRIORITY ON PEOPLE

- Greater Priority on Youth
  - More Per Pupil in K to 12
  - Maintaining School Board Grants
  - Following the Ministerial Panel
  - Maintaining the Best Pupil-Teacher Ratio
  - Improving School Facilities
  - Increasing Literacy Levels
  - Supporting Post Secondary Education
  - Reducing Tuition
  - Lowering Student Debt
  - Student Investment and Opportunity Corporation
  - Investing in Facilities and Research

- Maintaining Priority on Health
  - Wellness Strategy
  - Increasing Nursing Enrolments
  - Personal Care Homes
  - Health Care Facilities
  - Modernizing Equipment
  - Stabilizing Health Board Budgets
  - Home Support Workers

  - Population Floor for Federal Transfers

- Helping Those Most in Need
  - Strategic Social Plan
  - Lowering Social Assistance Caseloads
  - Newfoundland and Labrador Child Benefit
  - Domestic Fuel Tank Replacement Program

Occupational Health and Safety
Hazardous Material Response Initiative

Local Government
Debt Relief Program

PRIORITIES IN INFRASTRUCTURE

Municipal Capital Works Program
Safe Drinking Water Initiative
Roads and Highways
Marine Transportation

ALWAYS A PRIORITY - JOBS AND GROWTH

Renewal Strategy for Jobs And Growth
New International Business Attraction Initiative
Small Business Advisory Council
Sectoral Initiatives
Silviculture and Spray Programs
Forest Access Roads
Tourism Marketing
Natural Heritage Stewardship
Commitment to Lower Taxes

Living Up to the Atlantic Accord

ACTING ON LABRADOR PRIORITIES

Access North - Labrador 2002
Gateway Tourist Centres
Trans Labrador Highway Phase III
Labrador Roads
Marine Service
Snowmobile Trail Grooming Grants
Northern Coastal Labrador Strategic Initiative
Aboriginal Cadet Development Program
Court Facilities
Transition Houses

Royal Commission on Renewing and Strengthening Our Place in Canada

STRIKING THE RIGHT BALANCE

SEEKING THE RIGHT BALANCE

Mr. Speaker, the budget last year put forward an ambitious action plan. Significant new measures were announced for youth, education, health and helping those most in need, as well as infrastructure and jobs and growth. This budget builds on that foundation.

We have been fortunate in the aftermath of September 11 that our economy has remained strong and our economic outlook positive. I heard during pre-budget consultations that part of government's role is to help create the right economic climate for investment and growth.

I also heard that we should sustain social programs, even if that means running a modest deficit. The view expressed by most Newfoundlanders and Labradorians was that they preferred this alternative to reduced social programs.

We have avoided reductions to programs by taking this advice. We believe the most responsible course is to incur an affordable deficit. The stability this creates contributes greatly to supporting a positive economic climate. At the same time, we are using the financial flexibility we do have to undertake some important initiatives.

Our economy is expected to continue to grow strongly, which is what this province needs to sustain social programs. We share in the optimism many express about the economic future of this province. This allows us in this budget to maintain the course set last year and build on this with new initiatives.

BUDGET PLAN

Our Economic Climate

2001 Review

Mr. Speaker, despite the international economic slowdown, our economy grew in 2001 by 1.3 percent in real terms. This is a solid performance in comparison to other provinces and follows three years when real GDP growth exceeded 5 percent each year. Almost every other economic indicator for the province out-performed its 2001 budget forecast.

Consumer and business confidence remained high, and this is reflected in strong gains in retail trade and capital investment. Employment grew to a record high and the unemployment rate declined to its lowest level since 1989. First in 1999, and now again in 2001, we led all provinces in employment growth. Notable is that 63 percent of the new jobs created since 1996 have been outside the greater St. John's area.

Capital investment remained above $3 billion for the third straight year. Housing starts were up 22.5 percent. Non-resident tourist visits were up again in 2001, an excellent performance considering this comes on top of the high growth generated by major celebrations beginning in 1997.

The value of exports did drop marginally. Newsprint production still reached the second highest level ever recorded, only exceeded in 2000. A shutdown in the inshore shrimp fishery constrained fish landings, but the landed value of all fisheries was still the third highest on record. This province is now the largest producer of cold water cooked and peeled shrimp in the world. Iron ore production declined in part because of the slowdown in the steel industry. Manufacturing shipments, however, remained stable.

Oil production at Hibernia was up 3 percent and the Terra Nova production vessel took up position offshore, boding well for further production growth in 2002. As well, government approval was granted in December for White Rose, which could add a third major offshore project to contribute to future economic growth.

2002 Outlook

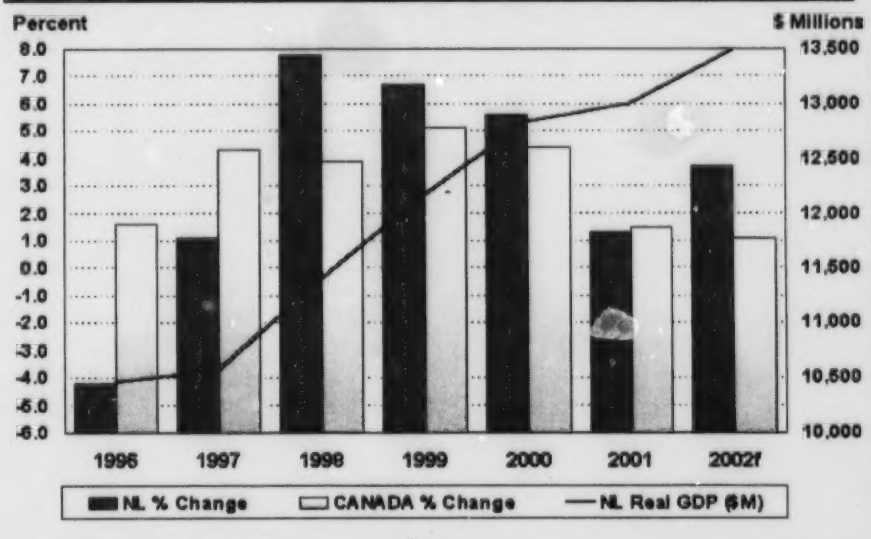
For 2002, employment is expected to reach a new record high and the unemployment rate could decline further, possibly to its lowest level since 1989. This will contribute to higher personal income and real disposable income. For the first time retail sales are expected to surpass $5 billion. Our cumulative growth in retail sales since 1996 is second only to Alberta and this reflects confidence all over the province in our economy and in our future.

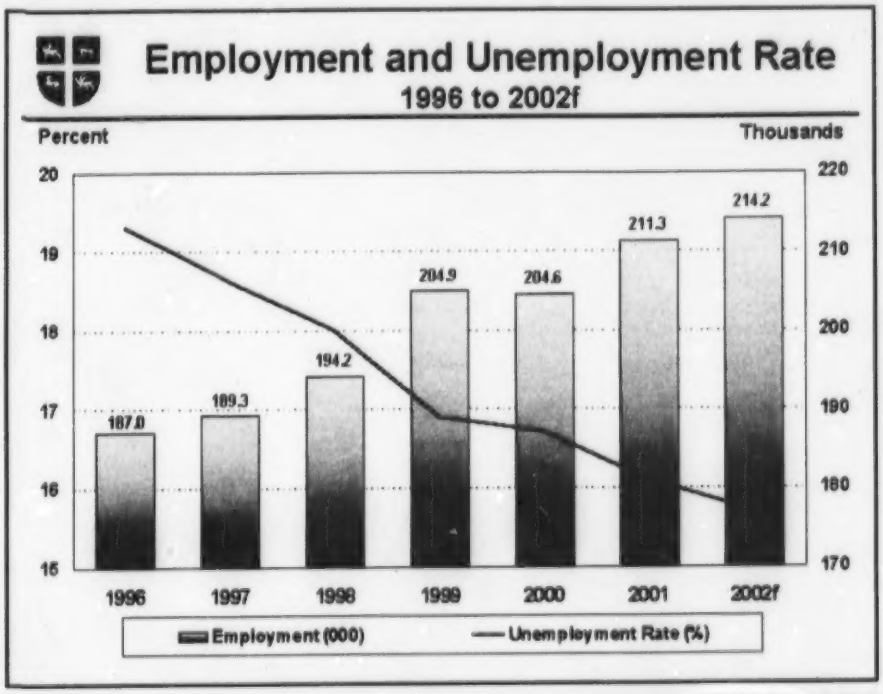
Most forecasters are calling for a global economic recovery in the second half of the year. We should lead all provinces in 2002 with expected real GDP growth of 3.7 percent. This would mark the third time in five years that we top all provinces. It would be the fourth time that we exceed the national average.

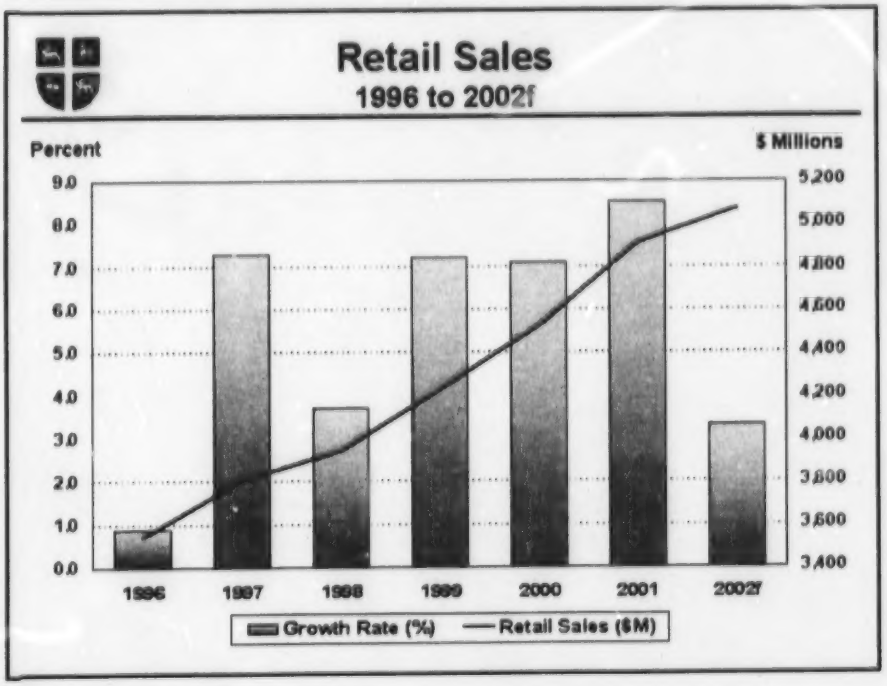
NEWFOUNDLAND AND LABRADOR
Main Economic Indicators

	2001	2002 f
	(Percentage Change)	
Gross Domestic Product		
Nominal	2.1	1.4
Real	1.3	3.7
Personal Income		
Nominal	3.9	3.7
Real	2.8	2.0
Retail Sales		
Nominal	8.5	3.3
Real	8.1	1.6
Housing Starts	22.5	4.3
Consumer Price Index	1.1	1.7
Employment	3.3	1.4
Unemployment Rate (percent)	16.1	15.7

Growth in Real GDP
1996 to 2002f




Employment and Unemployment Rate
1996 to 2002f
Percent
Thousands
20
19
18
17
16
15
220
210
200
190
180
170
187.0
189.3
194.2
204.9
204.6
211.3
214.2
1996
1997
1998
1999
2000
2001
2002f
Employment (000)
Unemployment Rate (%)


Retail Sales
1996 to 2002f
Percent
$ Millions
9.0
8.0
7.0
6.0
5.0
4.0
3.0
2.0
1.0
0.0
5,200
5,000
4,800
4,600
4,400
4,200
4,000
3,800
3,600
3,400
1996
1997
1998
1999
2000
2001
2002f
Growth Rate (%)
Retail Sales ($M)

Fish landings are expected to be up in 2002. Newsprint and lumber production should exceed 2001 levels. Capital investment could be spurred on by the White Rose project. The special tourism celebrations planned for Labrador and the film exposure the province has received from The Shipping News, Random Passage and Rare Birds should allow us to proudly build on the tourism gains achieved in recent years.

With Terra Nova on stream, the offshore could see a 60 percent increase in oil production. Onshore production on the Port-au-Port Peninsula is expected to begin in 2002. A successful conclusion to Voisey's Bay negotiations, as well as Lower Churchill power discussions, would only add to business and consumer confidence and our future economic prospects.

Our Fiscal Framework

2001-02 Performance

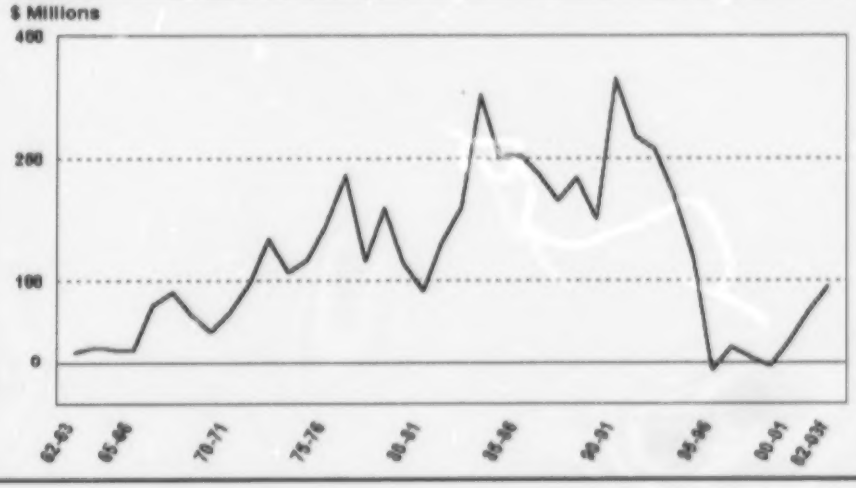
Mr. Speaker, our solid economic performance over the past year contributed to a sound fiscal performance. For five consecutive years prior to 2001-02, we not only met, but improved upon, our deficit targets. We could have achieved this again for the sixth year. Instead, we are following the same successful strategy we have utilized for several years of shifting some flexible revenues from one year to the next in order to stabilize the fiscal situation. This stability allows us to protect public services and foster economic growth. The alternative is dramatic year to year swings from large surpluses to big deficits that serve no purpose except to bring uncertainty to social programs important to the public, like health and education.

Our original deficit target for 2001-02 was $30.5 million. This increased to $80 million at midyear because of public sector wage settlements, indications federal transfer payments would be lower and fluctuations in exchange rates. We instituted a hiring freeze and restricted travel to help in controlling the deficit. A month ago new federal transfer estimates reversed the $13 million shortfall we expected at midyear. Our solid economic performance through to year end results in revenues being $30.8 million higher than budgeted. On the year, expenditures were $49.9 million lower than anticipated, in large part because some collective agreements will not be concluded prior to year end. These factors brought us to a surplus of $13.7 million before year end decisions. We made investments of $25.5 million in health and education, and deferred $51.7 million in revenues budgeted for this year to next year. The net effect is that we are recording a deficit for 2001-02 of $63.5 million.

Summary of 2001-02 Financial Performance

	Budget 2001-02	Revised 2001-02	Variance
		($Millions)	
Current Account			
Gross Expenditure	3,711.8	3,713.5	(1.9)
Related Revenue	474.8	437.9	(36.9)
Net Expenditure	3,236.8	3,275.8	(38.8)
Provincial and Federal Revenues	3,341.0	3,371.8	30.8
Current Account Surplus	104.2	96.2	(8.0)
Capital Account			
Gross Expenditure	271.0	280.8	(9.8)
Related Revenue	146.3	120.8	(25.5)
Net Expenditure	124.7	159.7	(35.0)
Contingency Reserve	10.0	-	10.0
Total Budgetary (Deficit)	(30.5)	(63.5)	(33.0)

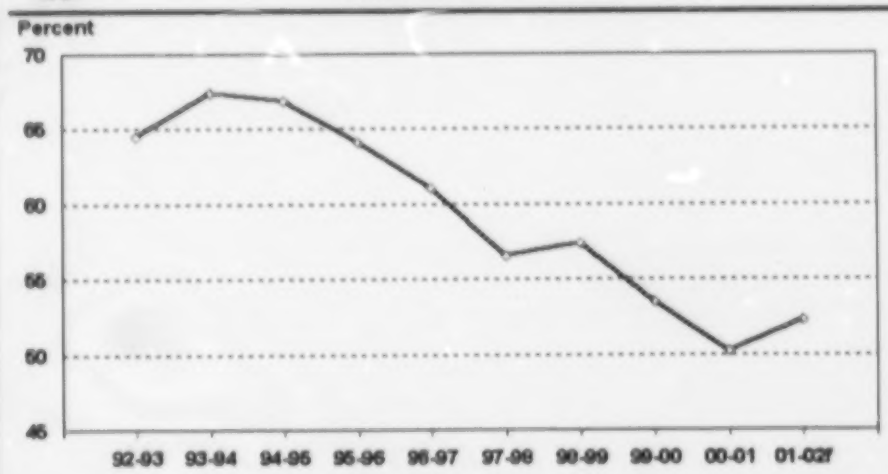
Budgetary Deficits
1962-63 to 2002-03f



Estimated Budgetary Position

	Estimates 2002-03	($Millions)	Revised 2001-02
Current Account			
Gross Expenditure	3,826.9		3,713.5
Related Revenue	318.3		437.9
Net Expenditure	3,508.6		3,275.6
Provincial and Federal Revenues	3,521.9		3,371.8
Current Account Surplus	13.3		96.2
Capital Account			
Gross Expenditure	225.2		280.5
Related Revenue	119.6		120.8
Net Expenditure	106.6		159.7
Total Budgetary (Deficit)	(93.3)		(63.5)

Public Sector Debt to GDP Ratio
1992-93 to 2001-02f



By moving some revenues forward, we are able to avoid a current account deficit in either year. This means that for 2001-02, as well as for 2002-03, we will not borrow to pay for the day to day operating expenses of providing public services. Our only borrowing for either year will be to cover some capital account expenditures, which are the long term investments we make in things like hospitals, schools and roads.

If we look at one of the most common statistics used by other governments and the credit rating agencies to assess ability to carry debt, the public sector debt to GDP ratio, we see that for this province it has been getting progressively better. This means that our debt has become a smaller percentage of our GDP, which is viewed quite favourably by financial markets. Over the past 10 years our ratio has fallen in percentage terms from the mid 60s to the low 50s, about 15 percentage points. It has been our management of the fiscal situation and contribution to the economic climate that has allowed this to happen.

2002-03 Forecast

Like other provinces, we need strong economic growth provincially, nationally and internationally to provide the revenues we need to sustain and enhance social programs. In times like these, when the global economy falters, all provinces suffer fiscally, and most are at risk of slipping into deficit. Some provinces are experiencing severe fiscal shocks much greater than we are experiencing. We have worked diligently in preparing this budget to keep the deficit for 2002-03 to an affordable level, while ensuring enough flexibility to undertake some important initiatives. We have conducted pre-budget consultations throughout the province. I have spoken with the credit rating agencies.

We believe this budget strikes the right balance between fiscal prudence and funding needed public services, even if the deficit has to rise in 2002-03 to accomplish this. We began the budget process facing a deficit of $330 million. We have taken a series of measures to bring this figure down substantially. Revenues deferred and investments made at year end account for $77.2 million. Savings within government from the continuation of the hiring freeze and operational efficiencies, as well as eliminating the contingency reserve, lower the deficit by $31.4 million. We are taking some measures to augment revenues by $117.5 million. Other measures totalled $10.6 million. Together, these actions allow us to forecast a deficit for 2002-03 of $93.3 million.

If we compare this to the past thirty years, we do find lower deficits for the last seven years. But for the other 23 years prior, right back to 1972-73, the deficit fell below $100 million only once, in 1980-81. The average deficit in those 23 years was $196.6 million, more than double the deficit we are forecasting for 2002-03. Looked at in this historical context, setting the deficit target well under $100 million for 2002-03 is a prudent response to the fiscal uncertainties facing the entire country today. We are optimistic that an economic recovery this year could bring the deficit down even lower. And our deficit target can be achieved with no cuts in social programs, no major public sector layoffs or wage rollbacks and only minor tax adjustments.

Revenue Measures

One way we could have brought the deficit down is by increasing taxes. But we are not willing now to risk the gains we have made to achieve a better economic climate. Tobacco taxes do not have a direct impact on our economic drivers. They do have a direct impact on tobacco consumption, particularly on teens who are sensitive to price increases. Tobacco taxes have not been increased by the province since 1992. That is changing as of midnight tonight. The tobacco tax is increasing by 3.67 cents per gram on fine cut tobacco and by 2.5 cents per cigarette. This measure will contribute $14.5 million to deficit reduction and hopefully much more towards a healthier population.

Public Sector Collective Bargaining

Another component of managing the fiscal affairs of the province is to come to fair settlements with our unionized employees. Over the past year, we have successfully concluded negotiations for 24 of our 33 collective agreements. These agreements cover about 30,000 bargaining unit employees representing 82 percent of the unionized public sector workforce. We are optimistic a final agreement with the teachers will be concluded shortly.

Succession Planning

Like other employers, we are faced with an aging workforce. We are taking steps to plan for succession to be able to replace retiring employees, especially in hard to fill occupations. This year we will prepare a government-wide human resource plan that will focus on targeted recruitment, retention and employee development strategies to respond to succession concerns.

This province also needs workers who can adapt to the skills requirements of a changing economy. This issue is not just a provincial priority, but a national one. We have commenced discussions with the federal government in response to the recently released Innovations Strategy, conveying our interest in partnering to address areas of common interest. We also will be announcing shortly a labour market development strategy for the province. The strategy will be guided by the Strategic Partnership and Labour Market Development Council. The aging of our workforce presents challenges, but also unprecedented opportunities for our young people now and in the future. We also will increase our focus on sound career planning and the better preparation of our youth for post secondary education and the transition from learning to work.

PRIORITY ON PEOPLE

Mr. Speaker, in this budget, we are maintaining our priority on people, and the programs they tell us matter most to them: health, education and helping those most in need. Placing a stronger focus on the youth of the province remains a key priority.

Greater Priority on Youth

Our greater priority on youth is reflected in the initiative we undertook that established a new Department of Youth Services and Post Secondary Education. At the same time, the Department of Education was given an intensified mandate to concentrate on the K to 12 system and literacy, as well as responsibility for early childhood education. A new Provincial Youth Advisory Committee was created to give our youth a stronger voice on issues that affect them.

More Per Pupil in K to 12

Mr. Speaker, our initiatives continue to increase the level of spending per student in the K to 12 system. As of September 2002, school enrolment over the last five years will have declined by 17,700 students, or by 17.4 percent. Yet, over the same period our spending per student will have grown from $5,557 to $6,672, an increase of 20 percent.

Maintaining School Board Grants

Part of the increase in spending per student has come because we have permitted school boards to retain savings from educational reform that normally would revert to government. In 1996-97 we gave a commitment that school boards could retain for

three years the savings from school reorganizations for one time capital improvements. Including this year, this initiative will have seen $25.1 million reinvested in school facilities.

But this government has gone even further. Rather than take back the savings at the end of three years, government has allowed all the savings from school reorganization to remain with the boards. Even though our fiscal situation now is not as robust as the recent past, we believe extending this policy is in the best interests of students. This policy will see $8.4 million reinvested for the coming year in school board operating grants. This means that despite enrolment declines and fewer schools there will be no reductions in operating grants. Including this year, there has been no reduction for seven consecutive years.

Following the Ministerial Panel

The report of the Ministerial Panel on Educational Delivery in the Classroom, developed in consultation with all education stakeholders, recommended a formula for determining the number of teaching positions that should be available to school boards based principally on student enrolment. That formula would have seen a reduction last year and this year of a total of 426 teaching positions. Last year, for the first time, we did not reduce the number of teachers although enrolments declined. This means there are 218 more teaching positions currently in the system that would have been lost had we applied the formula. This decision represents an $11 million reinvestment in education that will continue this year.

As a result, more than half the teaching positions that the formula would have removed will stay in the education system. With over 400 expected retirements this year, it is likely school boards will have to hire new teachers for the upcoming school year.

Maintaining the Best Pupil-Teacher Ratio

Our pupil-teacher ratio has improved steadily for more than a decade and for several years now has been the best in the country. The national average is one teacher for every 16 students. Using exactly the same methodology to calculate the ratio, we have one teacher for every 13.4 students. We expect to again lead the country this year in teaching resources per student.

We want to have not only the best ratio, but the best teachers. This requires investment in teacher professional development. We are extending for the third year an additional allocation of $900,000 that brings the professional development budget for teachers once again up to $4.4 million.

Improving School Facilities

Since 1998-99 we have allocated $160 million to address priority school construction and renovation projects, mostly outside the St. John's region. To date, 11 new schools have been constructed and work is progressing on 15 others. Another 36 schools have seen major renovations or extensions. This year a further $10 million is being provided. A significant portion will be used to address priority needs of the Avalon East School Board. We also will be making the final $4 million instalment this year on our three year $12 million commitment to fund maintenance projects for school buildings.

Increasing Literacy Levels

In support of the Strategic Literacy Plan, and for the third consecutive year, in addition to our regular annual funding, a further $1 million is allocated for the purchase of library books. This is another investment in education, as well as our library system, because accessibility to reading materials is a major factor in improving literacy.

Supporting Post Secondary Education

For public post secondary institutions, our funding has increased by 26.6 percent over the past five years. This is only part of the support we provide for students. A greater priority on youth means we will take steps to reduce student debt for post secondary education students and graduates.

Reducing Tuition

We began in the 1999 budget by providing funding so that Memorial University and the College of the North Atlantic could implement a tuition freeze for two years. Last year, we provided $3.3 million to Memorial University to fund a 10 percent tuition reduction. As well, students at the Faculty of Medicine, the Marine Institute and the College of the North Atlantic had a tuition freeze for the third consecutive year.

This year, we are making $3.5 million available so a university education will be more affordable. Government will hold a roundtable discussion with MUN students and administration to determine together whether these funds should be invested in a further 10 percent tuition reduction or other actions to reduce student debt. Furthermore, tuition rates at the Faculty of Medicine, Marine Institute and College of the North Atlantic will remain frozen for the fourth consecutive year. Our public college fees are already substantially lower than the university and will remain the second lowest in Atlantic Canada.

Our grant in aid to Memorial University will increase this year by $13 million. When we compare the support other provinces give to their universities, we find that our grant to Memorial is the highest per student in the country. At the same time, students attending Memorial already pay the lowest university tuition rates in Atlantic Canada.

Lowering Student Debt

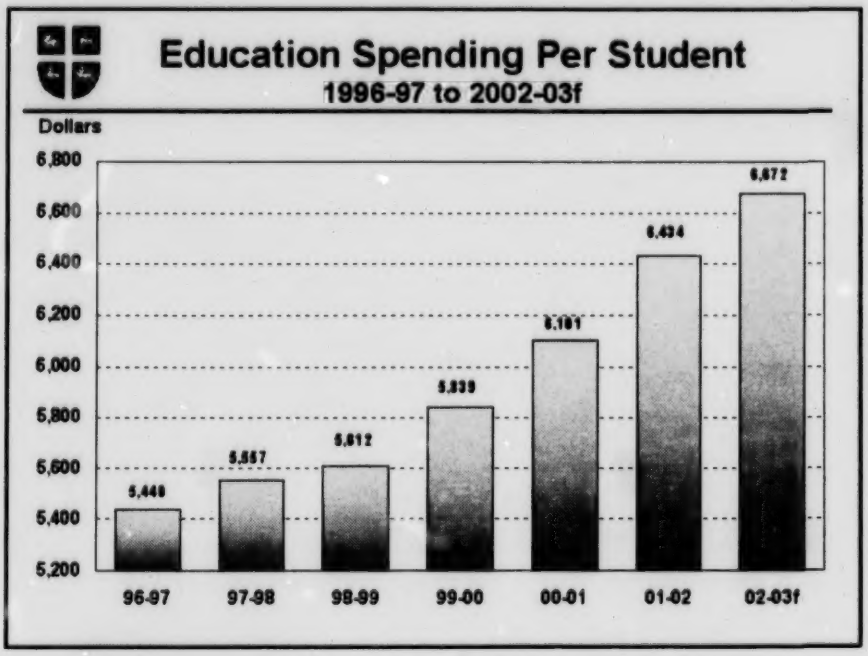
While tuition levels are important to educational affordability, this is only one of the components that contribute to student debt. Taking action to reduce the burden of student debt on our graduates is also a priority of this government. This budget provides funding for additional staff and program resources for the Student Aid Program to better respond to student needs. Government will announce details of a Student Aid restructuring plan within the next two weeks.

Student Investment and Opportunity Corporation

Last year, we created the Student Investment and Opportunity Corporation to generate employment opportunities for students, particularly those in rural areas. Funding for the youth employment programs will be maintained at $4.8 million. Jobs supported by the corporation give students the opportunity to save more for their education, reducing their need to borrow, as well as provide valuable work experience.

Investing in Facilities and Research

Acting again this year on our commitment to match private donations to the MUN Opportunity Fund, we are making a $3 million payment. This brings our total contribution to date to $24.3 million, supporting scholarships for students and capital improvements at the university. The university also will receive an additional $1 million for priority capital projects.


Education Spending Per Student
1996-97 to 2002-03f
Dollars
6,800
6,600
6,400
6,200
6,000
5,800
5,600
5,400
5,200
5,448
5,557
5,812
5,939
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6,434
6,672
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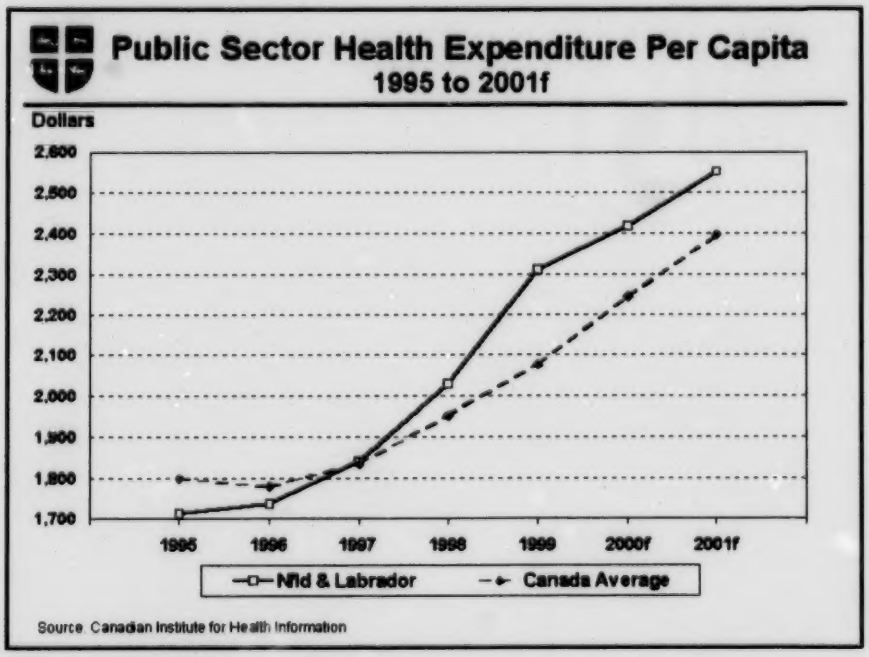
00-01
01-02
02-03f


Public Sector Health Expenditure Per Capita
1995 to 2001f
Dollars
2,600
2,500
2,400
2,300
2,200
2,100
2,000
1,900
1,800
1,700
1995
1996
1997
1998
1999
2000f
2001f
Nfld & Labrador
Canada Average
Source: Canadian Institute for Health Information

Access by Memorial and the College of the North Atlantic to research and development funding available through the Canada Foundation for Innovation will be facilitated for the second year by an allocation of $500,000. Last year, our investment levered a total of $2.6 million in R & D funding for projects carried out in the province.

Maintaining Priority on Health

Mr. Speaker, there is an ongoing national debate about the future of health care in this country. Several provinces and the federal government have appointed commissions to study this issue. Premiers met in January to put in place a joint health action plan. Provinces are united in calling on the federal government to increase its declining share of social program funding. Increased federal cash support for programs delivered by provinces like health is crucial if Canadians are to have sustainable public services. While there is a wide consensus that there is no crisis in health care, real challenges do exist that require a coordinated national effort to address.

In this province, we conducted consultations last year through regional Health Forums to get the benefit of public input. This Spring, government will release a new Strategic Health Plan for the province.

Last year we brought in the largest single increase in the health budget ever made by any government of this province. We forecast an increase of 9 percent, but when the final figures are tallied the increase should be almost 12 percent. According to the Canadian Institute for Health Information, per capita public sector spending on health in this province has exceeded the Canadian average every year since 1997.

In the new fiscal year, not only is the health budget being maintained, additional investments will be made in important services. The operating budget for health will see a further 3.3 percent increase this year, totalling over 15 percent in two years. The increase in annual operating expenditures for health over the past six years will reach 46 percent.

In addition, when monies allocated in this budget are included, over $500 million in capital investments in new facilities, renovations and equipment will have been made in the province over the same period. Our record shows that we continue to give high priority to health.

Wellness Strategy

When the Strategic Health Plan is released, one of the key priorities will be a Wellness Strategy. The need for this was highlighted at the Health Forums. This will focus on preventing disease by promoting healthy living, as well as early detection and intervention. To provide for implementation of the Strategy beginning later this year, $1.1 million is allocated. Among other things, this funding will permit the extension for another year of our anti-smoking tobacco strategy.

Increasing Nursing Enrolments

To increase the number of nurses admitted to the Bachelor of Nursing program this year, an additional $300,000 is allocated. This is in response to retirements anticipated in future years. This funding would allow at least 32 new students to begin nursing studies in September.

Personal Care Homes

For the third consecutive year, the subsidy for personal care homes will increase. An additional $1.3 million will bring the total to $13 million annually. Our contribution to monthly rates is rising, as well as the number of individual clients receiving subsidies. Our plan is to see over time more portable subsidies, rather than subsidizing facilities.

Health Care Facilities

Health care facilities around the province will receive $36.9 million for construction and renovation projects. Of this amount, $31 million will fund major construction projects ongoing at Gander, Stephenville, Grand Bank and Fogo.

The balance of $5.8 million will assist various facilities with planning, renovations and repairs. This includes $800,000 provided to develop a psychiatric assessment / short stay unit at the Waterford Hospital. This new unit will enable the health system to respond more effectively to clients requiring immediate attention and fills a very important gap in mental health services. Government is awaiting the results of a review of mental health services which will assist in identifying future priorities.

Government is supportive of ongoing planning by boards to upgrade their nursing home facilities. Our objective is to ensure the delivery of care to our elderly population will be

responsive to their expectations. Government is open to considering various financing options, including public/private partnering.

Modernizing Equipment

Investments in new equipment have totalled $120 million in the last five years. This includes $15 million in this budget to continue modernizing diagnostic and therapeutic equipment at facilities all across the province. Of this amount, $14 million is being provided before year end to ensure timely purchases of priority equipment. Purchases will include x-ray and ultrasound equipment, as well as therapeutic equipment for acute care and equipment for residential care needs in nursing homes.

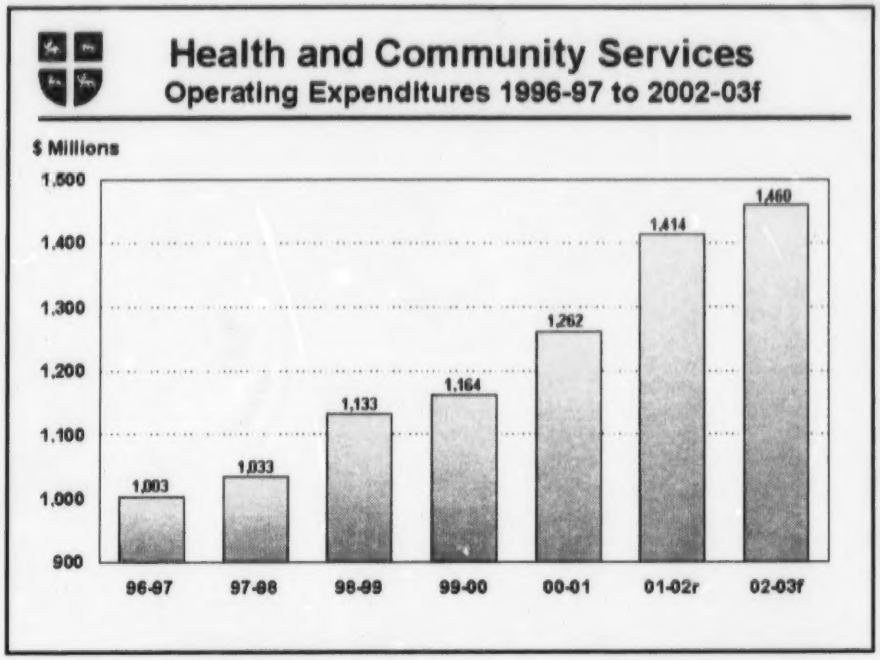
Stabilizing Health Board Budgets

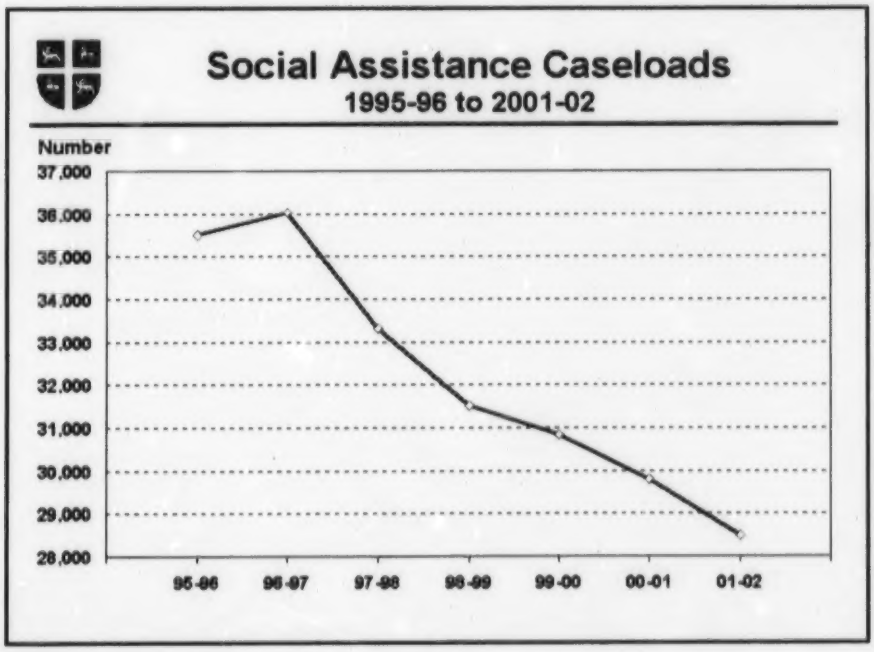
After very significant increases to the base budgets of institutional health boards over the past few years, government believes boards now have sufficient funding to deliver their service mandates. However, additional funding of $5 million is being provided for utilization increases and inflation. Further funding is also being provided for negotiated salary increases, group reclassifications and pay equity settlements. With these increases, boards are expected to balance their budgets in 2002-03. Over the past six years, on a cumulative basis, government has contributed an additional $427 million to the base budgets of boards.

Government commends the institutional boards on the progress they have made to operate with balanced budgets. Projected deficits for 2001-02 have been reduced from around $18 million to as low as $3 million. Government will continue to work with all boards so they can achieve efficiencies, as well as service improvements. There will be new initiatives to encourage primary health care reform as part of the new Strategic Health Plan, for which $2.5 million is provided.

Home Support Workers

Most home support workers received a 20 percent salary increase last year. Home support rates will increase further this year by 4 percent, 2 percent in June and 2 percent in December. This increase is in accordance with a study on home support. The annualized cost of the increases for both years is $10.1 million. This recognizes the valuable contribution of home support workers and will contribute to stabilizing the workforce.


Health and Community Services
Operating Expenditures 1996-97 to 2002-03f
$ Millions
1,500
1,400
1,300
1,200
1,100
1,000
900
1,003
1,033
1,133
1,164
1,262
1,414
1,460
96-97
97-98
98-99
99-00
00-01
01-02r
02-03f


Social Assistance Caseloads
1995-96 to 2001-02
Number
37,000
36,000
35,000
34,000
33,000
32,000
31,000
30,000
29,000
28,000
95-96
96-97
97-98
98-99
99-00
00-01
01-02

Population Floor for Federal Transfers

Mr. Speaker, an appropriate level of federal transfers for social programs is vital to sustainable public services in this province. We advocate reform of transfers to better reflect the cost realities of delivering social programs in this country. Among the improvements that could be made to federal transfers is the implementation of a population floor.

When population declines, the cost of public services does not adjust immediately. Adjustment can be a lengthy process. Yet transfers drop as if the population decline and the service cost moved in lock step. They do not. Transfer payments should not drop, they should phase down, in response to population decline, giving a province the opportunity to rationalize services in a reasonable manner. At one time an all-province consensus recommended a population floor for transfer programs be implemented by the present federal government, along with other reforms, as the mechanism to moderate this type of decline. It still would be good public policy to do so.

Helping Those Most in Need

Strategic Social Plan

Mr. Speaker, the province is receiving national and international attention as an innovator in bringing social and economic development together, facilitated by the Strategic Social Plan. To further advance the Strategic Social Plan in making a difference in the lives of people and communities to improve long term outcomes and better coordinate service delivery, funding of $2 million is maintained. A key next step under development is a social audit report to examine the social progress of the province five years after the Plan's implementation. We are moving closer to our ultimate objective of creating one integrated social and economic plan for the province.

Lower Social Assistance Caseloads

We have underway an ongoing series of initiatives to redesign programs that assist persons on social assistance. One thrust is to place increasing emphasis on providing employment and career supports. In recent years, we have extended drug card benefits for those returning to employment and increased the earnings exemptions while receiving social assistance. The transition to employment is supported through innovative programs such as Newfound*Jobs* and the Linkages Youth Employment

Program, which focus on the link between social and economic development. We have achieved notable results.

Over the past five years, the social assistance caseload has dropped by about 8,500, or around 23 percent. A major initiative this year will be the revamping of the Social Assistance Act, which dates from 1977. The present Act no longer reflects many of the objectives of the income support program, including easing the transition from social assistance to work. Consultations are underway to seek public input.

Newfoundland and Labrador Child Benefit

For the second year, we are increasing the eligibility thresholds for the Newfoundland and Labrador Child Benefit. The income threshold this year which will determine the families who qualify for the maximum benefit is being raised $653 to $17,397. Families with incomes above this threshold but below $22,397 will receive a partial benefit. This means that in two budgets we have increased the threshold by almost 10 percent, providing more financial support to low income families with dependent children.

Domestic Fuel Tank Replacement Program

This year, $2 million is allocated for a new program to assist low income homeowners offset 50 percent of the cost of replacing domestic fuel oil tanks, up to $300. The program comes into effect April 1, 2002 for a term of five years. Households with net income of less than $22,397 who rely primarily on home heating fuel can receive assistance.

Occupational Health and Safety

The Task Force on the Workplace Health, Safety and Compensation Commission recommended government increase substantially its compliance, monitoring and enforcement of the Occupational Health and Safety Act. This budget provides an additional $1.3 million to support the reorganization and expansion of the occupational health and safety responsibilities of government, including the hiring and training of more inspectors. This will contribute to safer workplaces and better protection for workers in all sectors throughout our economy.

Hazardous Material Response Initiative

A Hazardous Material Response Initiative, cost shared by the federal and provincial governments, will see about $1 million used to establish 8 to 10 regional response teams throughout the province. These teams will be provided with equipment and training to respond to incidents involving hazardous materials.

Local Government

Debt Relief Program

Mr. Speaker, this year $12 million is being made available to complete the municipal Debt Relief Program. This last instalment brings our total commitment over six years to $47 million. Since we brought in this program, 139 municipalities have been assisted in reducing or refinancing their debt. We expect 50 municipalities will receive assistance this year. Because of the program, municipalities are enhancing their long term financial stability, allowing them to realize cost savings that they are able to reinvest in their communities.

PRIORITIES IN INFRASTRUCTURE

Municipal Capital Works Program

For municipal capital works and infrastructure, we have put a plan in place that will see $260 million invested over the next three years. The program will be made up of three components.

Under the Canada-Newfoundland Infrastructure Agreement, cost shared by federal, provincial and municipal governments, $90 million over three years will be invested primarily on green municipal infrastructure projects. Over the full five year term of the agreement, the combined investment in green projects will total $153.7 million.

A traditional Municipal Capital Works Program of $63 million over three years will be cost shared by the province and municipal governments. This component will assist communities with smaller, short term projects.

This year we also are renewing our commitment to a Multi-Year Municipal Capital Works Program, with the provision of $108 million over three years. This will bring our

total commitment to the multi-year component since its inception to $214 million. The Multi-Year component will permit municipalities with the capacity to take on multi-year commitments to undertake larger infrastructure projects.

The variable cost sharing guidelines introduced last year will continue to be utilized in determining the municipal share. This ensures that even the smallest communities can access funding for infrastructure and undertake projects they otherwise would not be able to afford.

Safe Drinking Water Initiative

As part of the Safe Drinking Water Initiative announced last year, government funds the full cost of water disinfection projects up to $100,000 for communities under boil water advisories. Last year, the province invested $8 million in drinking water disinfection projects through the Disinfection Assistance Program. A further $10 million will be spent this year to complete the program. Once new and upgraded infrastructure is installed we expect a significant drop in boil water advisories.

In addition, under the Canada-Newfoundland Infrastructure Agreement $32 million was spent last year for water disinfection or water and sewer projects, more than 90 percent in rural areas. A substantial portion of the $30 million to be spent this year will also go to water projects, particularly water quality and drinking water projects, which are given the highest priority.

A further $1.5 million is being shared by several departments as part of our Safe Drinking Water Initiative. This funding will increase the water testing capacity of the Public Health Laboratory, as well as hire additional environmental health staff and inspectors. We anticipate an almost 25 percent increase in water system sampling. We are implementing phase two of a training program aimed at upgrading the skills of water system operators in communities throughout the province. Part of the overall initiative is to also implement a safe drinking water public health promotion strategy.

Roads and Highways

Mr. Speaker, our roads and highway construction program for the new fiscal year could total $82.2 million. This follows the last two years, which saw the largest and second largest annual programs since Confederation. The provincial roads component is maintained this year at $22 million, reflecting the priority this government gives to local

roads. We are approaching the end of the Roads for Rails funding that has seen some of our highway infrastructure upgraded. We call on the federal government to partner with us to continue much needed investment in our road and highway transportation network.

This year, $23.4 million will be spent for highways and roads in Labrador. Included in this figure is $17 million to complete Phase II of the Trans Labrador Highway. At the end of this construction season the highway will be finished from Red Bay to Cartwright, including access roads to other communities. To upgrade local roads in Labrador, $2.6 million is being invested this year.

Marine Transportation

In addition to road work in Labrador, $2.2 million will be invested in wharf and ferry terminal upgrades. A further $1.8 million will be spent on the island, of which $1.3 million will be for improvements to the Bell Island wharf.

To enhance the provincial ferry fleet, we will move forward with a vessel replacement and refurbishment program. The first initiative is to complete the refurbishment of Hull 100, which will be a significant addition to the fleet.

ALWAYS A PRIORITY - JOBS AND GROWTH

Mr. Speaker, our commitment to fostering economic growth and job creation will always be a priority. Under this government the province has led the country in GDP and employment growth several times. The number of people employed has grown to a record high and is forecast to rise to even higher. We have cut sales tax, incomes taxes and the payroll tax to propel growth. Confidence in our economy and our future has seen the value of retail trade increase by almost 40 percent over the last five years. And we have an aggressive economic plan for the future, the *Renewal Strategy for Jobs and Growth*. We are funding several initiatives today in support of this plan.

Renewal Strategy for Jobs and Growth

The *Renewal Strategy for Jobs and Growth* outlines an agenda of over 130 action items, two thirds focussed on rural Newfoundland and Labrador. Of the new jobs created since 1996, 63 percent have been outside the greater St. John's area. This government is creating economic opportunities and growth in rural areas. The

Department of Industry, Trade and Rural Development, created last year to lead implementation of the Strategy, is allocated $2.8 million to act on specific Jobs and Growth priorities.

New International Business Attraction Initiative

As well as support for the Strategic Partnership Initiative launched in January bringing together business, labour and government, this funding will allow us to put in place a new international business attraction initiative. This new initiative will be designed to emulate the success achieved by Network Newfoundland and Labrador in attracting new jobs to the province. Details of the initiative will be announced early in the new fiscal year.

Small Business Advisory Council

A new Small Business Advisory Council also will be established in 2002 to provide government with advice on appropriate new measures to continue to grow this important sector of our economy. To encourage new small business start ups and expansions in all areas of the province, funding of $2.6 million is renewed for the Strategic Enterprise Development Fund.

Sectoral Initiatives

Government continues to fund a wide range of programs across many economic sectors that contribute to the success these industries are enjoying. Through sustained support for these programs we assist in creating the positive business and investment climate needed for sustainable long term growth. Most often these programs translate into a host of many small successes that build incrementally on the entrepreneurial spirit so evident all over the province. Although fiscal times are more constrained now, none of these programs are being cut back or eliminated. Some will see enhancements.

Silviculture and Spray Programs

An example is our silviculture program, a partnership between government and the pulp and paper companies. During the Jobs and Growth consultations the importance of investing in silviculture was highlighted. This year we will be expanding our capacity to produce tree seedlings by almost 30 percent, from 7 million to 9 million seedlings a year.

We also cooperate with the industry to protect our timber resource from insect infestations. This year the insect spray program will see a 50 percent increase in the number of hectares sprayed over last year. An additional $2 million has been allocated to undertake this, a 30 percent increase over the existing budget. These measures will contribute greatly to the long term sustainability of our forests and our forest products industry.

Forest Access Roads

As part of forest management, government facilitates controlled access to forest resources through its resource roads program. This program also assists our agricultural sector. Both these sectors will benefit from a $600,000 increase this budget is providing for resource roads. This new funding brings the resource roads budget to $3 million, an increase of 50 percent in two years.

Reducing Foreign Overfishing

Funding is provided for a new initiative this year that will see a more proactive approach by the province to reduce foreign overfishing. We will work with all industry stakeholders to ensure adherence to strict conservation practices by foreign countries.

Tourism Marketing

One of the ways we support the tourism industry is through tourism marketing. Our campaigns have won a dozen international awards in recent years. Promotion is key to reaching our core markets and capitalizing on the successes we have enjoyed in recent years. This year we are increasing our funding for marketing by 25 percent. This extra $1 million will be used to lever additional promotional value through the Canadian Tourism Commission and other partners. The marketing budget will be further supplemented by one time funding of $1.3 million from a federal-provincial agreement, bringing the total marketing budget before leveraging opportunities to $6.2 million. Early indications are already pointing to a good year for tourism in 2002.

Natural Heritage Stewardship

Our economy has evolved into an interesting blend of technology and natural resource based industries. For the people of the province, our natural environment is both a

place of work and of play. We must strike the right balance in our natural heritage stewardship between economic development and environmental protection. We are taking a number of steps to ensure we get that balance right.

We are building up our own capacity within government by enhancing the Science Division to complement the work of the existing divisions of Inland Fish and Wildlife, as well as Parks and Natural Areas. This initiative will foster best practices in environmental science, as well as enhance the position of this province as a leader in resource management and sustainable development.

Government is also planning to establish with Memorial University an Institute for Biodiversity and Ecosystems Science. The Institute will allow the university and its academic community to work along with government in enhancing our expertise in the province on resource conservation issues.

In addition, a Natural Heritage Stewardship Secretariat is being created to facilitate raising funds from sources outside the province to further enhance our research capabilities. To support these three initiatives, $1.8 million in new funding is allocated this year, $2.8 million on an annualized basis.

Commitment to Lower Taxes

Mr. Speaker, to foster a positive climate for business investment, this government has taken a number of important initiatives to reduce taxes. In 1997 we implemented the largest tax cut in the history of the province when we converted the retail sales tax to the Harmonized Sales Tax. This eliminated sales tax on business inputs and lowered the tax rate on consumer purchases from 12 percent to 8 percent. In the five years since we have seen our retail trade grow by record numbers and our economy become one of the leaders in the country.

Over four previous budgets, better fiscal times allowed us to reduce the payroll tax by changing the threshold from $100,000 to $500,000. This removed over 2,000 businesses from the tax roll and reduced the tax for thousands of others, in the process eliminating the tax for virtually the entire small business sector. Employment has grown strongly over this period and now has reached a record level, and should go higher. Further payroll tax reductions, and the eventual elimination of the tax, are one of our priorities for the future.

We implemented the first two years of a three year plan that reduced personal income tax for all taxpayers. The new income tax system which changed the tax calculation has made it difficult for some people to compare. We modelled a large number of different scenarios for taxpayers and in all cases, given the same amount of income, real reductions in provincial personal income tax were delivered. While we remain committed to tax reductions, because of our higher deficit we have to defer further cuts or threshold increases until our fiscal circumstances improve.

Our record on taxation also includes introducing the Direct Equity Tax Credit and the Film Tax Credit. In the past year, we announced Double EDGE, which reduces income taxes further for new businesses, with more attractive reductions for businesses in rural areas. As well, we implemented several tax credits supporting social programs, like the Seniors Benefit and the Newfoundland and Labrador Child Benefit.

Living Up to the Atlantic Accord

Mr. Speaker, in the budget last year, we stated that this province considers achieving a better deal on federal-provincial revenue sharing from natural resource projects a priority. It is still a priority. We do not accept that the revenue sharing we now have fulfills the "principal beneficiary" status the federal government stated we would achieve under the Atlantic Accord. As offshore oil production increases, a greater and greater injustice will be done to this province if the revenue sharing arrangement prevents us from capitalizing on the fiscal benefits of these developments. This province should be the principal beneficiary, as agreed to, and achieving this should be facilitated by the federal government.

We need greater financial resources to grow our economy. A province like ours must be able to reap the benefits from our principal asset, our natural resource endowment. The federal government is instead taking our place. We are not asking for anything unreasonable. After we close some of the gaps with the rest of the country, the federal government can increase its share. The people of the province are united in calling on the federal government to live up to the terms of the Atlantic Accord, and see us become the true principal beneficiaries.

ACTING ON LABRADOR PRIORITIES

Mr. Speaker, the name change of our province to Newfoundland and Labrador is symbolic of our shared identity, but most important recognizes that this government is

solidly committed to address the needs of Labrador and the people who live there.

Access North - Labrador 2002

This year the province is placing a special focus on Labrador celebrations. *Access North - Labrador 2002* brings a year of special events and the opportunity to raise awareness about Labrador, particularly as a tourist destination. The celebrations will be a catalyst for a longer term industry driven marketing strategy for Labrador tourism. *Access North* will commemorate the 250th Anniversary of the Moravians in Labrador, promote winter tourism highlighting the extensive snowmobile trail network and support local celebrations in every community. Government is providing $700,000 through its

Special Celebrations Corporation, which is being supplemented by $1.3 million in federal partnership support.

Gateway Tourist Centres

We want tourists to have all the information and services they need to maximize their vacation experience. Funding is provided this year for the Labrador Straits Visitor Information Centre to expand its focus to encompass the broader tourism region of coastal Labrador. Through cost shared federal funding, the Gateway Project is being developed in Labrador West. Together, these two centres will become important gateways to Labrador for tourists and will contribute to developing the great potential of tourism for all of Labrador.

Trans Labrador Highway Phase III

The south coast of Labrador is already realizing significant benefits from the Trans Labrador Highway, an initiative of this government. This is opening up more of Labrador to the outside world, as well as making the world more accessible to residents of communities along the highway. This year will see completion of Phase II of the highway. Money for the Labrador Transportation Initiative has been held in a fund since 1998. With completion of Phase II, it is no longer prudent management to retain this money in the fund earning much lower interest rates than our cost of borrowing. Therefore, $97 million of the fund will be taken in as general revenue this year. For the people who still rely on the ferry service, government gives its assurance that the province will continue to meet all its obligations for that service, just as it meets its obligations now for ferry services in other regions of the province. Users know of the

very significant improvements already made in the Blanc Sablon-St. Barbe marine service, improvements that soon will be matched by upgraded services for the rest of Labrador.

The Labrador Transportation Initiative never included any funding for Phase III of the highway from Cartwright to Happy Valley/Goose Bay. Government, however, believes that Phase III is important, not just to Labrador, but to the whole province. We are announcing today a multi-year commitment to finish Phase III. Funding of $800,000 is provided to continue the Environmental Impact Study for Phase III. Construction will commence after the environmental assessment process is completed, which includes consultations with the Innu Nation and other highway stakeholders. This would complete the Great Circle Route, which would contribute to an integrated transportation system for Labrador, and enhance transportation linkages for the province to the rest of North America. It would generate significant economic and social benefits for the province and permanently reduce the cost of marine services.

We are committing $17 million a year for the six years estimated to complete the highway. This commitment is not contingent on federal funding. We approached the federal government to partner with us on this project, but have not yet received a favourable response. The opportunity for federal participation still exists and we call on the federal government to give this project the priority it deserves. The people of Labrador have waited long enough for a highway.

Labrador Roads

In addition to the $17 million that will be spent this year to complete Phase II of the highway, $3 million is allocated to a two year project for a road to connect Pinsent's Arm to the Trans Labrador Highway. In addition to the highway, funding this year will see improvements to roads in southern and northern Labrador, as well as continued upgrading of the Northwest River Road. An increase of $394,000 is provided for winter maintenance of newly opened sections of the Trans Labrador Highway.

Marine Service

The marine service is being reconfigured to meet the needs of communities not connected to the Trans Labrador Highway as a result of recommendations from coastal Labrador communities. Tenders will be called shortly for 2003-04 and beyond to improve ferry services for coastal Labrador. This year will see wharf and terminal

upgrades on the Labrador coast.

Snowmobile Trail Grooming Grants

In addition, $100,000 in new funding will go towards snowmobile trail grooming grants for Labrador. This funding means for the first time residents of Rigolet and Postville will travel on groomed trails.

Northern Coastal Labrador Strategic Initiative

We are entering the third year of the $23 million Northern Coastal Labrador Strategic Initiative. Work ongoing in five Inuit communities is addressing housing needs, community infrastructure and policing. To date, the housing component has seen 43 new homes constructed and renovations to another 90. An awaited extension to the federal provincial Labrador Inuit Communities Agreement would facilitate continued general improvement within Inuit communities.

Aboriginal Cadet Development Program

We are continuing to fund for a second year the Aboriginal Cadet Development Program. This allows aboriginal young people interested in a career in the RCMP to upgrade their skills so they could be considered for RCMP training.

Court Facilities

We are taking action this year to improve the court facilities in Happy Valley-Goose Bay. Funding is provided to expand the Provincial Court at its present location. A tender call will be issued for a new location for the Supreme Court.

Transition Houses

An additional $250,000 is provided for the Transition House Program. A significant portion of this funding will go to enhance services in Labrador West and coastal Labrador. In recognition of the challenges of providing safe housing and support for women in small isolated communities, government is working with the Provincial Association Against Family Violence and community stakeholders to look at alternative models for shelters in northern and aboriginal communities.

Royal Commission on Renewing and Strengthening Our Place in Canada

The Throne Speech announced a Royal Commission on Renewing and Strengthening our Place in Canada. The Commission will have a broad mandate, with details and its Terms of Reference announced in the near future. Funding is provided to support the activities of the Commission in carrying out its mandate, including the necessary research and public consultations. It is timely at this point in our history for us to focus on our position within Canada and the global community, drawing on a critical analysis of our strengths and weaknesses to provide direction for the future.

STRIKING THE RIGHT BALANCE

Mr. Speaker, this budget strikes the right balance between genuine economic optimism and present fiscal realties. Economic predictions are for an international recovery this year. We also would benefit from a national recovery, and should make a leading contribution to it. We do face fiscal challenges next year. But we have dealt with a series of fiscal challenges over our term. Dire financial predictions were made by some about the fiscal year just ending and the one now beginning. We have maintained a responsible fiscal plan for both years.

For certain, growing the economy is the best plan for the province, and under this government our economy has prospered. We now have a record number of people employed. And of the new jobs created, 63 percent are outside the greater St. John's area. The province has real economic momentum going which we must continue to build on. This government is contributing to a positive economic climate by maintaining a responsible fiscal position. Yet we have again made major investments in health, youth, education and helping those most in need, as well as infrastructure and jobs and growth.

This budget gives stability while the global economy sorts itself out. The budget maintains funding for all important social programs. As well, it contains a number of important new initiatives. It responds to advice we received from people all over the province. We believe this budget represents sound, practical government. It is my pleasure to present it today, the first budget of the newly named Province of Newfoundland and Labrador.

BUDGET
2002

STATEMENTS:

		Page
I	Summary of Borrowing Requirements	i
II	Comparative Summary of Current and Related Revenues	ii
III	Summary of Current and Capital Account Expenditures	iii
IV	Summary of Current Account Expenditures	iv
V	Summary of Capital Account Expenditures	v
VI	Summary of Related Revenues and Expenditures by Main Object and Sector	vi

EXHIBITS:

I	Selected Economic Statistics 1998-2001	vii
II	Estimated Provincial and Federal Revenues 2002-03 (Estimates) and 2001-02 (Revised)	viii
III	Current and Capital Revenues by Provincial and Federal Sources 1998-99 to 2002-03	ix
IV	Expenditure Summary 2002-03 (Estimated) and 2001-02 (Revised)	x
V	Public Sector Debt as at March 31, 1998-2002	xi
VI	Summary and Chart - "Where the Money Comes From"	xii
VII	Summary and Chart - "Where the Money Goes"	xiii
VIII	Summary and Chart - Gross Capital Account Expenditures	xiv
IX	Summary and Chart - Gross Government Expenditures	xv
X	Summary of Budgetary Financing Sources	xvi
XI	Summary of Salary Costs by Department	xvii
XII	Estimated Interest and Debt Retirement 2002-03	xviii
XIII	Details of Capital Expenditures	xx
XIV	Details of Tangible Capital Asset Acquisitions	xxii

STATEMENT I

NEWFOUNDLAND AND LABRADOR
SUMMARY OF BORROWING REQUIREMENTS
2002-03 and 2001-02 (Revised)

	2002-03 Estimates		2001-02 Revised	
	($000)	($000)	($000)	($000)
BUDGETARY REQUIREMENTS				
Current Account:				
Gross Expenditure	3,826,879		3,713,472	
Related Revenues	318,315		437,909	
Net Expenditure	3,508,564		3,275,563	
Provincial and Federal Revenues	3,521,850		3,371,786	
Financial Contribution		(13,286)		(96,223)
Capital Account:				
Gross Expenditure	225,158		280,534	
Related Revenues	118,558		120,786	
Net Expenditure		106,600		159,748
TOTAL BUDGETARY REQUIREMENTS (CONTRIBUTION)		93,314		63,525
NON-BUDGETARY TRANSACTIONS				
Debt Retirement:				
Redemptions (See Appendix II)	181,497		217,100	
Contributions to Sinking Funds (See Appendix II)	42,998		52,127	
Wind Up of Voluntary Sinking Funds	(77,861)		(66,189)	
Total Debt Retirement		146,634		203,038
Retirement of Pension Liabilities		148,500		143,500
TOTAL NON-BUDGETARY TRANSACTIONS		295,134		346,538
TOTAL BORROWING REQUIREMENTS		388,448		410,063

STATEMENT II

COMPARATIVE SUMMARY OF CURRENT AND RELATED REVENUES

2002-03 and 2001-02 Revised

	2002-03 Estimates ($000)	2001-02 Revised ($000)
PROVINCIAL:		
Taxation:		
Personal Income Tax	611,000	611,838
Sales Tax	561,500	535,063
Gasoline Tax	132,700	130,000
Payroll Tax	84,500	81,500
Tobacco Tax	80,500	65,500
Corporate Income Tax	58,200	54,665
Natural Resources Taxes and Royalties	50,500	47,500
Other	35,545	34,445
	1,614,445	1,560,511
General Revenues:		
Newfoundland Liquor Corporation	103,000	90,000
Lottery Revenues	106,000	102,000
Vehicle and Driver Licences	54,500	54,500
Registry of Deeds, Companies and Securities	14,925	14,900
Fines and Forfeitures	5,415	5,295
Labrador Transportation Initiative	97,000	-
Other	25,900	49,376
	406,740	316,071
Expenditure Programs - Related Revenues:		
Recoveries - Sinking Fund Surpluses	114,984	156,069
Interest Income	3,274	4,840
Other	133,986	195,907
	252,244	356,816
TOTAL: PROVINCIAL REVENUES	2,273,429	2,233,398
GOVERNMENT OF CANADA:		
Fiscal Transfer Payments:		
Equalization Payments	1,158,015	1,162,390
Canada Health and Social Transfer (CHST)	340,896	331,060
Statutory Subsidies	1,754	1,754
	1,500,665	1,495,204
Cost Shared Programs:		
Resource	9,596	10,636
Offshore Fund	2,928	3,090
Human Resources Development	20,500	20,500
Native Peoples	7,143	7,334
Other	25,904	39,533
	66,071	81,093
TOTAL: GOVERNMENT OF CANADA REVENUES	1,566,736	1,576,297
TOTAL: CURRENT AND RELATED REVENUES	3,840,165	3,809,695

STATEMENT III

SUMMARY OF CURRENT AND CAPITAL ACCOUNT EXPENDITURES

2002-03 and 2001-02 Revised

	2002-03			2001-02
	Gross Expenditure	Related Revenue	Net Expenditure	Revised (Net)
	$	$	$	$
General Government Sector				
Consolidated Fund Services	596,219,700	146,635,300	449,584,400	426,978,800
Executive Council	33,246,700	2,282,000	30,964,700	27,988,500
Finance	135,933,900	48,126,900	87,807,000	(63,611,000)
Government Services and Lands	27,760,900	3,940,000	23,820,900	23,541,500
Labrador and Aboriginal Affairs	7,671,100	4,377,900	3,293,200	2,572,300
Legislature	13,899,400	146,200	13,753,200	12,465,100
Public Service Commission	2,611,800	-	2,611,800	2,620,000
Works, Services and Transportation	264,131,000	89,198,000	174,933,000	177,431,800
Resource Sector				
Environment	6,885,400	502,600	6,382,800	5,874,200
Fisheries and Aquaculture	10,477,600	1,475,100	9,002,500	9,280,700
Forest Resources and Agrifoods	52,945,400	8,706,000	44,239,400	43,109,300
Industry, Trade and Rural Development	46,693,600	10,808,200	35,885,400	35,461,300
Mines and Energy	25,681,500	1,766,300	23,915,200	15,872,900
Tourism, Culture and Recreation	34,028,700	2,659,700	31,369,000	30,797,100
Social Sector				
Education	518,949,700	7,046,200	511,903,500	537,013,800
Health and Community Services	1,495,161,500	21,551,800	1,473,609,700	1,450,494,000
Human Resources and Employment	257,541,200	8,695,000	248,846,200	254,703,400
Justice	128,799,200	11,594,600	117,204,600	124,554,500
Labour	8,558,100	6,134,800	2,423,300	2,369,400
Municipal and Provincial Affairs	128,898,200	31,493,400	97,404,800	96,162,600
Newfoundland and Labrador Housing Corporation	10,110,000	-	10,110,000	8,935,000
Youth Services and Post-Secondary Education	245,832,600	29,733,200	216,099,400	210,695,900
TOTAL	4,052,037,200	436,873,200	3,615,164,000	3,435,311,100

AMOUNT TO BE VOTED 2002-03

Gross Current and Capital Expenditure		4,052,037,200
Less: Expenditures Approved by Statute:		
Interest	533,676,700	
Pensions and Gratuities	49,653,200	
Debt Management Expenses	4,097,900	
Issues under Guarantee	500,000	
Salaries (Auditor General and Comptroller General)	210,100	588,137,900
Amount to be Voted by Supply Bill		3,463,899,300

STATEMENT IV

SUMMARY OF CURRENT ACCOUNT EXPENDITURES

2002-03 and 2001-02 Revised

	2002-03			2001-02
	Gross Expenditure	Related Revenue	Net Expenditure	Revised (Net)
	($000)	($000)	($000)	($000)
General Government Sector				
Consolidated Fund Services	595,630	132,671	462,959	431,098
Executive Council	33,247	2,282	30,965	27,988
Finance	135,934	48,127	87,807	(63,611)
Government Services and Lands	27,487	2,690	24,797	24,525
Labrador and Aboriginal Affairs	7,671	4,378	3,293	2,572
Legislature	13,899	146	13,753	12,465
Public Service Commission	2,612	-	2,612	2,620
Works, Services and Transportation	158,570	27,148	131,422	136,091
Resource Sector				
Environment	6,885	502	6,383	5,874
Fisheries and Aquaculture	10,378	1,436	8,942	9,288
Forest Resources and Agrifoods	49,645	8,706	40,939	40,440
Industry, Trade and Rural Development	40,617	5,039	35,578	35,442
Mines and Energy	25,682	1,767	23,915	15,873
Tourism, Culture and Recreation	32,237	2,647	29,590	28,828
Social Sector				
Education	517,280	7,047	510,233	531,544
Health and Community Services	1,459,998	18,501	1,441,497	1,386,339
Human Resources and Employment	257,541	8,695	248,846	254,703
Justice	128,799	11,594	117,205	124,555
Labour	8,558	6,135	2,423	2,369
Municipal and Provincial Affairs	64,178	1,296	62,882	60,136
Newfoundland and Labrador Housing Corporation	10,110	-	10,110	8,935
Youth Services and Post-Secondary Education	239,921	27,508	212,413	197,489
TOTAL	3,826,879	318,315	3,508,564	3,275,563

STATEMENT V

SUMMARY OF CAPITAL ACCOUNT EXPENDITURES

2002-03 and 2001-02 Revised

	2002-03			2001-02
	Gross Expenditure	Related Revenue	Net Expenditure	Revised (Net)
	($000)	($000)	($000)	($000)
General Government Sector				
Consolidated Fund Services	589	13,963	(13,374)	(4,119)
Government Services and Lands	274	1,250	(976)	(983)
Works, Services and Transportation	105,561	62,051	43,510	41,341
Resource Sector				
Fisheries and Aquaculture	100	40	60	(7)
Forest Resources and Agrifoods	3,300	-	3,300	2,669
Industry, Trade and Rural Development	6,077	5,769	308	20
Tourism, Culture and Recreation	1,792	12	1,780	1,969
Social Sector				
Education	1,670	-	1,670	5,470
Health and Community Services	35,163	3,050	32,113	64,155
Municipal and Provincial Affairs	64,720	30,198	34,522	36,026
Youth Services and Post-Secondary Education	5,912	2,225	3,687	13,207
TOTAL	225,158	118,558	106,600	159,748

Note: For details refer to Appendix III.

STATEMENT VI

SUMMARY OF RELATED REVENUES AND EXPENDITURES
BY MAIN OBJECT AND SECTOR
2002-03 and 2001-02 Revised

	General Government Sector 2002/03	Resource Sector 2002/03	Social Sector 2002/03	Total 2002/03	% of 2002/03 Total	Total 2001/02 Revised
	($000)	($000)	($000)	($000)	%	($000)
Current:						
Salaries	200,566	61,207	117,042	378,815	9.90	294,173
Employee Benefits	100,592	658	1,114	102,364	2.68	104,370
Transportation and Communications	11,366	13,091	12,881	37,338	0.98	37,854
Supplies	32,592	7,375	12,427	52,394	1.37	54,541
Professional Services	7,305	6,629	191,788	205,722	5.38	196,455
Purchased Services	58,842	33,530	18,336	110,708	2.89	98,599
Property, Furnishings and Equipment	629	1,219	1,997	3,845	0.10	5,681
Allowances and Assistance	7,288	20	343,715	351,023	9.17	346,257
Grants and Subsidies	10,596	39,008	1,944,716	1,994,320	52.11	1,975,695
Debt Expenses	534,259	-	31,102	565,361	14.77	573,538
Information Technology	11,015	2,707	11,267	24,989	0.65	26,309
Gross Current Expenditure	975,050	165,444	2,686,385	3,826,879	100.00	3,713,472
Federal Revenue Sources	(6,895)	(11,810)	(47,366)	(66,071)	20.76	(81,093)
Provincial Revenue Sources	(210,547)	(8,287)	(33,410)	(252,244)	79.24	(356,816)
Total Current Related Revenues	(217,442)	(20,097)	(80,776)	(318,315)	100.00	(437,909)
Net Current Expenditure	757,608	145,347	2,605,609	3,508,564		3,275,563
Capital:						
Salaries	7,879	105	501	8,485	3.77	9,786
Employee Benefits	-	-	1	1	0.00	1
Transportation and Communications	1,327	25	98	1,450	0.64	3,011
Supplies	784	5	4	793	0.35	1,118
Professional Services	1,694	95	4,268	6,057	2.69	3,565
Purchased Services	86,808	6,390	37,659	130,857	58.12	157,530
Property, Furnishings and Equipment	5,702	586	4,255	10,543	4.68	41,235
Loans, Advances and Investments	500	3,622	100	4,222	1.88	4,162
Grants and Subsidies	450	441	25,737	26,628	11.83	24,273
Debt Expenses	1,280	-	34,837	36,117	16.04	35,844
Information Technology	-	-	5	5	0.00	9
Expenditure by Sector Before Recharges	106,424	11,269	107,465	225,158	100.00	280,534
Voted in Other Departments and Divisions	7,250	-	-	7,250		8,416
Recharged to Other Departments and Divisions	(7,250)	-	-	(7,250)		(8,416)
Gross Capital Expenditure	106,424	11,269	107,465	225,158		280,534
Federal Revenue Sources	(36,250)	(2,281)	(30,423)	(68,954)	58.16	(61,261)
Provincial Revenue Sources	(41,014)	(3,540)	(5,050)	(49,604)	41.84	(59,525)
Total Capital Related Revenues	(77,264)	(5,821)	(35,473)	(118,558)	100.00	(120,786)
Net Capital Expenditure	29,160	5,448	71,992	106,600		159,748
Total Net Expenditure	786,768	150,795	2,677,601	3,615,164		3,435,311

EXHIBIT I

SELECTED ECONOMIC STATISTICS

1998 to 2001

	2001	% Change	2000	% Change	1999	% Change	1998
Population as of July 1 (000's)	533.8	-0.6	537.2	-0.6	540.7	-0.8	545.3
Gross Domestic Product at Market Prices ($ Millions)	14,383*	2.1	14,081	13.8	12,369	10.0	11,242
Total Personal Income ($ Millions)	11,726*	3.9	11,291	4.6	10,793	4.4	10,338
Per Capita Personal Income ($)	21,972*	4.5	21,017	5.3	19,961	5.3	18,959
Labour Force, Annual Average (000's)	251.9	2.6	245.6	-0.4	246.7	4.1	237.0
Employment, Annual Average (000's)	211.3	3.3	204.6	-0.1	204.9	5.5	194.2
Unemployment Rate, Annual Average (%)	16.1	-3.6	16.7	-1.2	16.9	-6.1	18.0
Wages and Salaries ($ Millions)	5,613	3.4	5,431	7.5	5,053	5.5	4,791
Consumer Price Index(1992=100)	114.5	1.1	113.3	3.0	110.0	1.5	108.4
Total Volume of Fish Landings (000's of Metric Tonnes)	249.0	-6.9	267.4	-1.5	271.4	8.8	249.5
Total Value of Fish Landings ($ Millions)	488.7	-14.4	570.7	12.1	509.3	32.5	384.4
Newsprint Shipments (000's of Metric Tonnes)	745.8	-7.7	807.8	11.9	722.2	26.7	569.8
Iron Ore Shipments (Millions of Metric Tonnes)	17.3	-17.6	21.0	12.3	18.7	-13.4	21.6
Value of Manufacturing Shipments NAICS ($ Millions)	2,206.5	-0.9	2,225.7	10.1	2,020.8	18.7	1,702.2
Private and Public Capital Investment ($ Millions)	3,163	-4.2	3,301	-7.8	3,582	26.5	2,832
Dwelling Starts (Number)	1,788	22.5	1,459	6.4	1,371	-5.4	1,450
Retail Trade ($ Millions)	4,905	8.5	4,522	7.1	4,223	7.2	3,939
New Motor Vehicle Sales (Number)	24,650	3.3	23,859	-2.3	24,421	13.7	21,472
Oil Production (Millions of Barrels)	54.3	2.8	52.8	45.1	36.4	52.9	23.8

Note: Some data are preliminary.
Some percent changes are based on unrounded data.
* Estimate
** Hibernia began production in November 1997.

Source: Statistics Canada; Economics and Statistics Branch, Department of Finance

EXHIBIT II

ESTIMATED PROVINCIAL AND FEDERAL REVENUES

2002-03 and 2001-02 Revised

	2002-03 Estimates	2001-02 Revised
	($000)	($000)
PROVINCIAL TAX SOURCES:		
Personal Income Tax	611,000	611,838
Sales Tax	561,500	535,063
Gasoline Tax	132,700	130,000
Payroll Tax	84,500	81,500
Tobacco Tax	80,530	65,500
Corporate Income Tax	58,200	54,665
Natural Resources Taxes and Royalties	50,500	47,500
Insurance Companies Tax	26,500	25,500
Corporate Capital Tax	6,900	6,800
Forest Management Tax	2,145	2,145
TOTAL: Provincial Tax Sources	1,614,445	1,560,511
OTHER PROVINCIAL SOURCES:		
Newfoundland Liquor Corporation	103,000	90,000
Lottery Revenues	106,000	102,000
Vehicle and Driver Licences	54,500	54,500
Registry of Deeds, Companies and Securities	14,925	14,900
Fines and Forfeitures	5,415	5,295
Inland Fish and Game Licences	4,315	4,216
Water Power Rentals	4,680	4,910
Registry of Personal Property	2,800	3,600
Crown Lands	2,755	2,265
Forestry Royalties and Fees	2,382	2,382
Mining and Petroleum Permits and Fees	1,700	1,883
Offshore Revenue Fund	-	22,980
Labrador Transportation Initiative	97,000	-
Other	7,268	7,140
TOTAL: Other Provincial Sources	406,740	316,071
TOTAL: PROVINCIAL SOURCES	2,021,185	1,876,582
GOVERNMENT OF CANADA:		
Equalization Payments	1,158,015	1,162,390
Canada Health and Social Transfer (CHST)	340,896	331,060
Statutory Subsidies	1,754	1,754
TOTAL: GOVERNMENT OF CANADA	1,500,665	1,495,204
TOTAL: PROVINCIAL AND FEDERAL REVENUES	3,521,850	3,371,786

EXHIBIT III

CURRENT AND CAPITAL REVENUES
PROVINCIAL AND FEDERAL SOURCES
1998-99 to 2002-03

	2002-03 Estimates		2001-02 Revised		2000-01 Audited		1999-00 Audited		1998-99 Audited	
	($000)	%	($000)	%	($000)	%	($000)	%	($000)	%
Current Revenues :										
Provincial Sources	**2,273,429**	59.2	2,233,398	58.6	2,020,712	56.2	1,950,387	56.8	1,779,900	51.7
Federal Sources	**1,566,736**	40.8	1,576,297	41.4	1,574,394	43.8	1,482,730	43.2	1,661,823	48.3
Total: Current Revenues	**3,840,165**	100.0	3,809,695	100.0	3,595,106	100.0	3,433,117	100.0	3,441,723	100.0
Capital Revenues :										
Provincial Sources	**49,604**	41.8	59,525	49.3	76,671	57.0	63,288	48.1	42,397	34.2
Federal Sources	**68,954**	58.2	61,261	50.7	57,949	43.0	68,377	51.9	81,510	65.8
Total: Capital Revenues	**118,558**	100.0	120,786	100.0	134,620	100.0	131,665	100.0	123,907	100.0
Current and Capital Revenues :										
Provincial Sources	**2,323,033**	58.7	2,292,923	58.3	2,097,383	56.2	2,013,675	56.5	1,822,297	51.1
Federal Sources	**1,635,690**	41.3	1,637,558	41.7	1,632,343	43.8	1,551,107	43.5	1,743,333	48.9
Total: Current and Capital Revenues	**3,958,723**	100.0	3,930,481	100.0	3,729,726	100.0	3,564,782	100.0	3,565,630	100.0

EXHIBIT IV

EXPENDITURE SUMMARY

2002-03 Estimated

Head	Total		Current		Capital	
	Gross ($000)	Net ($000)	Gross ($000)	Net ($000)	Gross ($000)	Net ($000)
Consolidated Fund Services	596,219	449,585	595,630	462,959	589	(13,374)
Executive Council	33,247	30,965	33,247	30,965	-	-
Finance	135,934	87,807	135,934	87,807	-	-
Government Services and Lands	27,761	23,821	27,487	24,797	274	(976)
Labrador and Aboriginal Affairs	7,671	3,293	7,671	3,293	-	-
Legislature	13,899	13,753	13,899	13,753	-	-
Public Service Commission	2,612	2,612	2,612	2,612	-	-
Works, Services and Transportation	264,131	174,932	158,570	131,422	105,561	43,510
Environment	6,885	6,383	6,885	6,383	-	-
Fisheries and Aquaculture	10,478	9,002	10,378	8,942	100	60
Forest Resources and Agrifoods	52,945	44,239	49,645	40,939	3,300	3,300
Industry, Trade and Rural Development	46,694	35,886	40,617	35,578	6,077	308
Mines and Energy	25,682	23,915	25,682	23,915	-	-
Tourism, Culture and Recreation	34,029	31,370	32,237	29,590	1,792	1,780
Education	518,950	511,903	517,280	510,233	1,670	1,670
Health and Community Services	1,495,161	1,473,610	1,459,998	1,441,497	35,163	32,113
Human Resources and Employment	257,541	248,846	257,541	248,846	-	-
Justice	128,799	117,205	128,799	117,205	-	-
Labour	8,558	2,423	8,558	2,423	-	-
Municipal and Provincial Affairs	128,898	97,404	64,178	62,882	64,720	34,522
Newfoundland and Labrador Housing Corporation	10,110	10,110	10,110	10,110	-	-
Youth Services and Post-Secondary Education	245,833	216,100	239,921	212,413	5,912	3,687
TOTAL	4,052,037	3,615,164	3,826,879	3,508,564	225,158	106,600

EXPENDITURE SUMMARY

2001-02 Revised

Consolidated Fund Services	613,813	426,979	613,223	431,098	590	(4,119)
Executive Council	29,703	27,988	29,703	27,988	-	-
Finance	43,473	(63,611)	43,473	(63,611)	-	-
Government Services and Lands	27,798	23,542	27,531	24,525	267	(983)
Labrador and Aboriginal Affairs	6,702	2,572	6,702	2,572	-	-
Legislature	12,610	12,465	12,610	12,465	-	-
Public Service Commission	2,622	2,620	2,622	2,620	-	-
Works, Services and Transportation	298,078	177,432	162,203	136,091	135,875	41,341
Environment	6,345	5,874	6,345	5,874	-	-
Fisheries and Aquaculture	12,063	9,281	11,964	9,288	99	(7)
Forest Resources and Agrifoods	48,002	43,109	45,333	40,440	2,669	2,669
Industry, Trade and Rural Development	49,795	35,462	43,423	35,442	6,372	20
Mines and Energy	17,475	15,873	17,475	15,873	-	-
Tourism, Culture and Recreation	33,758	30,797	31,765	28,828	1,993	1,969
Education	546,026	537,014	540,556	531,544	5,470	5,470
Health and Community Services	1,481,552	1,450,494	1,413,772	1,386,339	67,780	64,155
Human Resources and Employment	263,305	254,703	263,305	254,703	-	-
Justice	136,230	124,555	136,230	124,555	-	-
Labour	6,746	2,369	6,746	2,369	-	-
Municipal and Provincial Affairs	108,582	96,162	62,966	60,136	45,616	36,026
Newfoundland and Labrador Housing Corporation	8,935	8,935	8,935	8,935	-	-
Youth Services and Post-Secondary Education	240,393	210,696	226,590	197,489	13,803	13,207
TOTAL	3,994,006	3,435,311	3,713,472	3,275,563	280,534	159,748

EXHIBIT V

PUBLIC SECTOR DEBT

1998 to 2002

	Five Years ending March 31				
	2002*	2001	2000	1999	1998
	(Millions of dollars)				
Provincial Direct Debt:					
Payable in Canadian Dollars	3,464.1	3,458.5	3,059.2	2,659.9	2,065.0
Due Government of Canada	633.7	634.3	634.3	638.4	673.3
Payable in U.S. Dollars	1,822.5	1,849.8	1,700.9	1,770.4	1,666.4
Payable in Japanese Yen	0.0	28.9	32.3	89.1	74.9
Payable in Swiss Francs	283.1	272.8	392.1	457.8	538.2
Total Debenture and Other Debt	6,203.4	6,244.3	5,818.8	5,615.6	5,017.8
Treasury Bills	494.0	390.0	390.0	390.0	390.0
Total Provincial Direct Debt	6,697.4	6,634.3	6,208.8	6,005.6	5,407.8
Crown Corporation and Other Debt:					
Utility	1,149.8	1,055.6	1,061.0	1,096.1	1,180.8
Housing	116.1	124.4	127.0	126.0	131.6
Municipal	579.4	579.1	519.8	550.8	594.7
Other	230.7	195.3	153.4	38.7	111.8
Total Crown Corporation and Other Debt	2,076.0	1,954.4	1,861.2	1,811.6	2,018.9
Deduct Sinking Funds held for Redemption of Debt:					
Direct Debt	1,023.7	1,282.3	1,228.6	1,123.0	1,056.7
Guaranteed Debt	226.5	244.4	223.6	237.8	388.2
Total Sinking Funds	1,250.2	1,526.7	1,452.2	1,360.8	1,444.9
Total Public Sector Debt (Note 1)	7,523.2	7,062.0	6,617.8	6,456.4	5,981.8

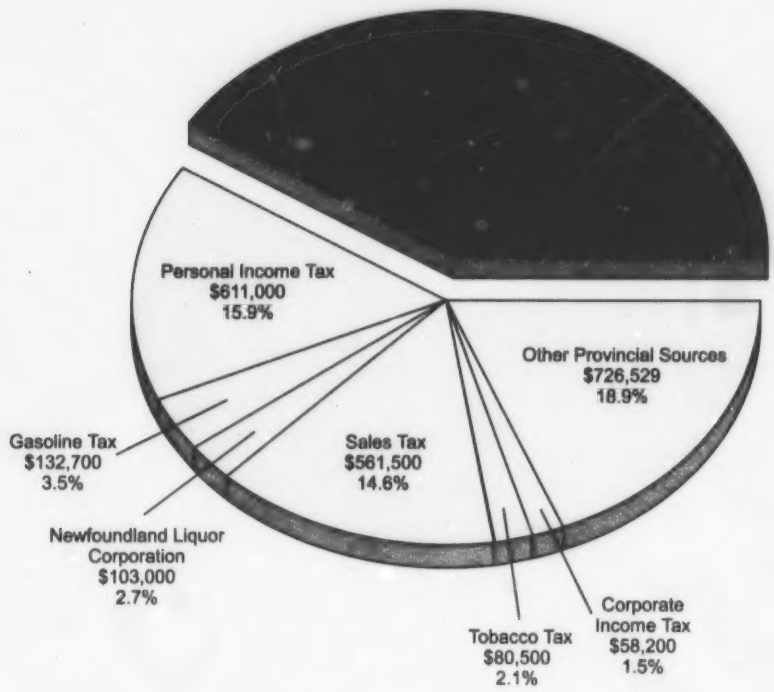
* Forecast

Note 1: For 1998-01, debt payable in foreign currencies is shown at the Canadian dollar equivalent using exchange rates in effect on March 31 of each year. For 2002, foreign currency debt is converted to the Canadian dollar equivalent using exchange rates in effect on March 8, 2002.

EXHIBIT VI

SUMMARY OF CURRENT REVENUES (By Source)

WHERE THE MONEY COMES FROM

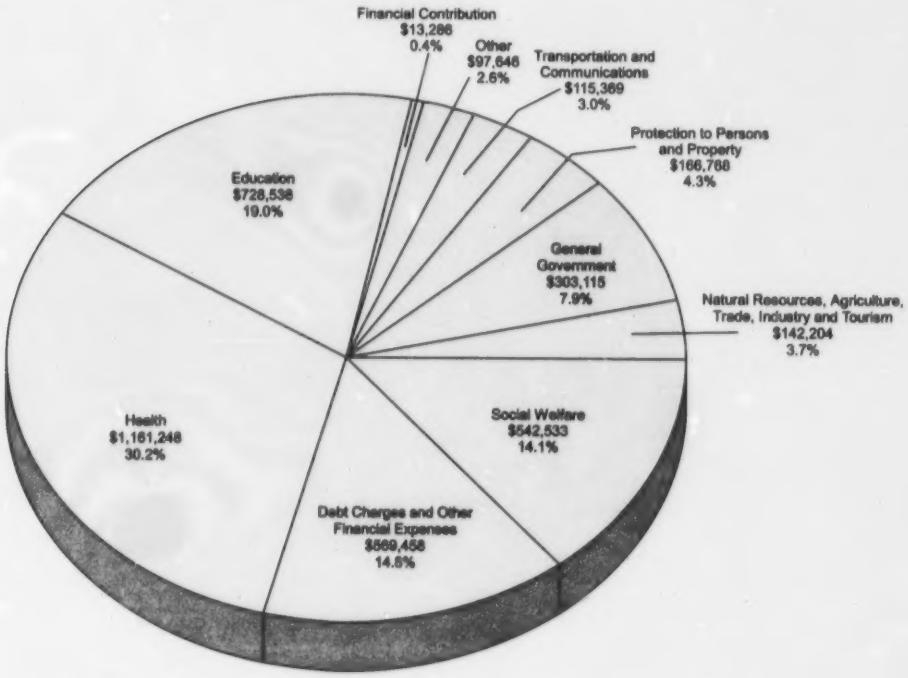


Percentage Of Total		Source	Amount ($000)	
Revised 2001-02	Estimate 2002-03		Estimate 2002-03	Revised 2001-02
		Provincial:		
16.1	15.9	Personal Income Tax	611,000	611,838
14.0	14.6	Sales Tax	561,500	535,063
3.4	3.5	Gasoline Tax	132,700	130,000
2.4	2.7	Newfoundland Liquor Corporation	103,000	90,000
1.7	2.1	Tobacco Tax	80,500	65,500
1.4	1.5	Corporate Income Tax	58,200	54,665
19.6	18.9	Other Provincial Sources	726,529	746,332
58.6	59.2	**Total: Provincial**	2,273,429	2,233,398
		Government of Canada:		
30.5	30.2	Equalization Payments	1,158,015	1,162,390
10.9	10.6	Other Federal Sources	408,721	413,907
41.4	40.8	**Total: Government of Canada**	1,566,736	1,576,297
100.0	100.0	**Total**	3,840,165	3,809,695

EXHIBIT VII

SUMMARY OF CURRENT ACCOUNT EXPENDITURES (By Function)

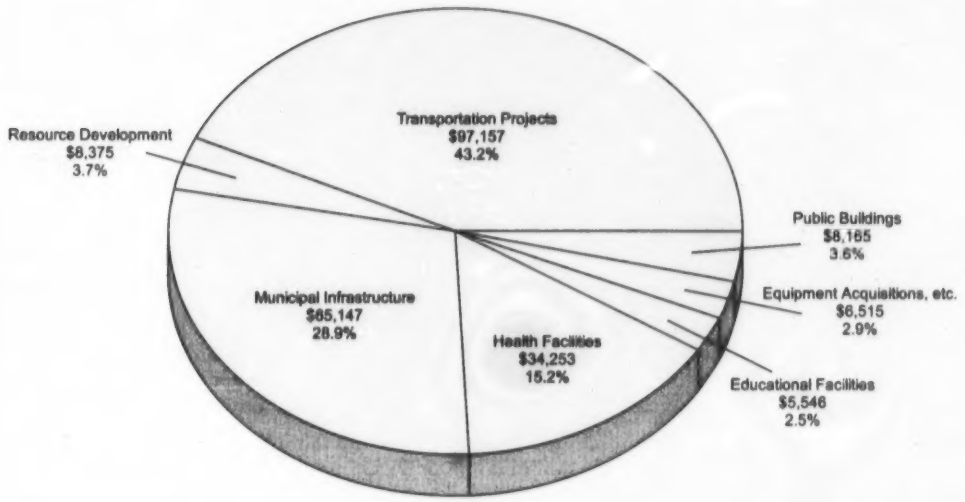
WHERE THE MONEY GOES



Percentage of Total		Function of Expenditure	Amount ($000)	
Revised 2001-02	Estimate 2002-03		Estimate 2002-03	Revised 2001-02
		Expenditure:		
19.3	19.0	Education	728,538	736,765
29.6	30.2	Health	1,161,248	1,127,131
15.1	14.8	Debt Charges and Other Financial Expenses	569,458	575,157
14.1	14.1	Social Welfare	542,533	537,377
3.5	3.7	Natural Resources, Agriculture, Trade, Industry and Tourism	142,204	132,873
5.7	7.9	General Government	303,115	217,330
4.5	4.3	Protection to Persons and Property	166,768	171,322
3.1	3.0	Transportation and Communications	115,369	117,859
2.6	2.6	Other	97,646	97,658
97.5	99.6	**Total: Expenditures**	3,826,879	3,713,472
2.5	0.4	**Financial Contribution**	13,286	96,223
100.0	100.0	**Total:**	3,840,165	3,809,695

EXHIBIT VIII

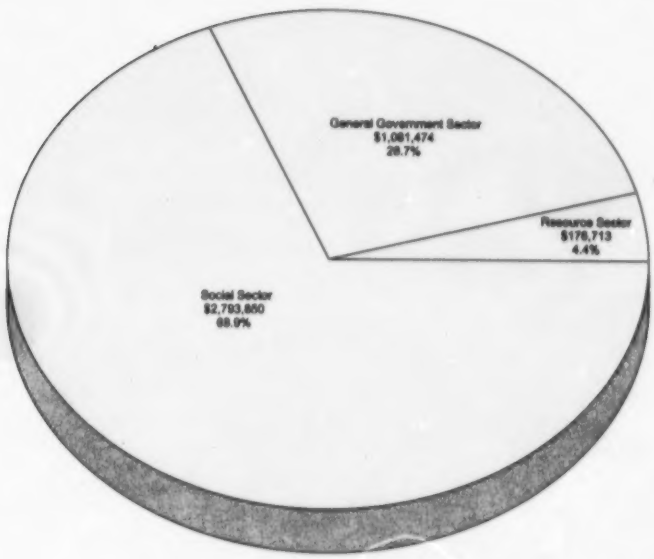
SUMMARY OF GROSS CAPITAL ACCOUNT EXPENDITURES
(By Function)



Percentage of Total		Category of Capital Expenditure	Amount ($000)	
Revised 2001-02	Estimate 2002-03		Estimate 2002-03	Revised 2001-02
		Expenditure:		
44.9	43.2	Transportation Projects	97,157	126,055
3.1	3.7	Resource Development	8,375	8,722
16.4	28.9	Municipal Infrastructure	65,147	46,103
14.4	15.2	Health Facilities	34,253	40,270
4.1	2.5	Educational Facilities	5,546	11,529
14.0	2.9	Equipment Acquisitions, etc.	6,515	39,265
3.1	3.6	Public Buildings	8,165	8,590
100.0	100.0	**Total: Expenditure**	225,158	280,534
		Source of Financing:		
21.8	30.6	Government of Canada Revenues	68,954	61,261
21.2	22.0	Provincial Revenues	49,604	59,525
57.0	47.4	Financial Requirement	106,600	159,748
100.0	100.0	**Total: Sources**	225,158	280,534

EXHIBIT IX

SUMMARY OF GROSS GOVERNMENT EXPENDITURES CURRENT AND CAPITAL (By Sector)



(TOTAL EXPENDITURE: $ 4,052,037,200)

GROSS GOVERNMENT EXPENDITURE

	Estimate 2002-03 ($000)	Percentage of Total %
Sector Expenditure		
General Government	1,081,474	26.7
Resource	176,713	4.4
Social	2,793,850	68.9
Total: Expenditure	4,052,037	100.0

RESOURCE SECTOR

	Estimate 2002-03 ($000)	Percentage of Total %
Environment	6,885	0.2
Fisheries and Aquaculture	10,478	0.3
Forest Resources and Agrifoods	52,945	1.3
Industry, Trade and Rural Development	46,694	1.2
Mines and Energy	25,682	0.6
Tourism, Culture and Recreation	34,029	0.8
Total: Resource Sector	176,713	4.4

SOCIAL SECTOR

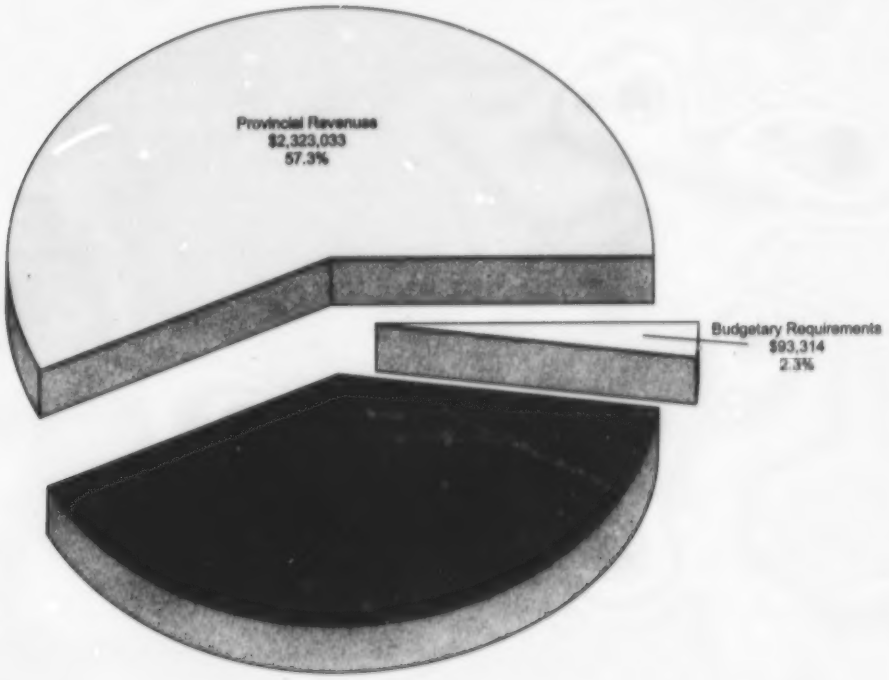
	Estimate 2002-03 ($000)	Percentage of Total %
Education	518,950	12.8
Health and Community Services	1,495,161	36.9
Human Resources and Employment	257,541	6.3
Justice	128,799	3.2
Labour	8,556	0.2
Municipal and Provincial Affairs	128,898	3.2
Newfoundland and Labrador Housing Corporation	10,110	0.2
Youth Services and Post-Secondary Education	245,833	6.1
Total: Social Sector	2,793,850	68.9

GENERAL GOVERNMENT SECTOR

	Estimate 2002-03 ($000)	Percentage of Total %
Consolidated Fund Services	596,219	14.7
Executive Council	33,247	0.8
Finance	135,934	3.4
Government Services and Lands	27,761	0.7
Labrador and Aboriginal Affairs	7,671	0.2
Legislature	13,899	0.3
Public Service Commission	2,612	0.1
Works, Services and Transportation	264,131	6.5
Total: General Government Sector	1,081,474	26.7

EXHIBIT X

SUMMARY OF BUDGETARY FINANCING SOURCES
(For Gross Current and Capital Account Expenditures)



Percentage of Total		Category of Financing	Amount ($000)	
Revised 2001-02	Estimate 2002-03		Estimate 2002-03	Revised 2001-02
		Revenue Sources:		
57.4	57.3	Provincial	2,323,033	2,292,923
41.0	40.4	Federal	1,635,690	1,637,558
98.4	97.7		3,958,723	3,930,481
		Budgetary Requirements:		
		Capital Account (Net Expenditure)	106,600	159,748
		Current Account (Contribution)	(13,286)	(96,223)
1.6	2.3	Total Budgetary Requirements:	93,314	63,525
100.0	100.0	**Total: Sources**	4,052,037	3,994,006

EXHIBIT XI

SUMMARY OF SALARY COSTS BY DEPARTMENT

2002-03 and 2001-02 (Revised)

DEPARTMENT	2002-03 Estimates $	2001-02 Revised $
Executive Council	16,927,200	15,836,800
Finance*	91,379,400	7,707,600
Government Services and Lands	18,779,300	18,446,300
Labrador and Aboriginal Affairs	1,713,400	1,416,700
Legislature	6,357,600	5,488,200
Public Service Commission	1,958,000	2,011,100
Works, Services and Transportation	71,329,400	73,464,100
Environment	4,106,500	3,940,300
Fisheries and Aquaculture	5,157,500	4,814,700
Forest Resources and Agrifoods	21,294,400	21,248,300
Industry, Trade and Rural Development	9,673,000	9,056,100
Mines and Energy	7,156,100	6,460,900
Tourism, Culture and Recreation	13,924,500	13,651,300
Education	8,060,800	7,461,500
Health and Community Services	11,321,700	11,051,300
Human Resources and Employment	21,033,100	21,170,700
Justice	58,979,300	63,742,700
Labour	5,511,300	4,399,300
Municipal and Provincial Affairs	6,300,400	6,488,100
Youth Services and Post-Secondary Education	6,337,400	6,102,500
TOTAL	387,300,300	303,958,500
Less: Capital Account Salary Expenditure	8,485,200	9,785,700
Total: Current Account Salary Expenditure	378,815,100	294,172,800

* Includes provision for salary increases for certain bargaining groups ($82,960,400).

EXHIBIT XII

ESTIMATED INTEREST AND DEBT RETIREMENT 2002-03

Term	Series	Amount Outstanding	Interest Rate	Sinking Fund Rate	Interest	Sinking Fund	Debt Redemption
			%	%	$	$	$
Payable in Canadian Dollars:							
1984/2004	5N	100,000,000	13½	2	13,500,000		15,385,400
1986/2006	5Q	100,000,000	11	2	11,000,000		26,611,200
1987/2007	5S	42,300,000	10.79	2	4,564,200	846,000	
1987/2010	5R	100,000,000	9⅜	2	9,375,000	2,000,000	
1988/2008	5T	100,000,000	11¼	2	11,250,000	2,000,000	
1989/2012	5U	125,000,000	11	2	13,750,000	2,500,000	
1989/2014	5V	150,000,000	10⅛	1½	15,187,500	2,250,000	
1991/2021	5X	147,892,000	10.95	-	16,194,200		
1993/2003	EC6	150,000,000	8¾	2	13,125,000	3,000,000	
1995/2025	6B	100,000,000	9.15	¾	9,150,000	750,000	
1996/2004	5Z	98,895,000	9.55	-	9,444,500		
1996/2026	6C	150,000,000	8.45	¾	12,675,000	1,125,000	
1997/2007	6E	150,000,000	5.90	-	8,850,000		
1998/2008	6G	250,000,000	5.70	-	14,250,000		
1998/2028	6F	450,000,000	6.15	1	27,675,000	4,500,000	
1999/2009	6J	200,000,000	6.70	-	13,400,000		
1999/2029	6H	200,000,000	6.50	1⅛	13,000,000	2,250,000	
2000/2030	6K	450,000,000	6.55	1⅛	29,475,000	5,062,500	
2001/2005	6M	100,000,000	4.61	-	4,610,000		
2001/2011	6L	200,000,000	6.4	-	12,800,000		
2001/2002 Anticipated		100,000,000	FLOATING	-	2,635,800		
2002/2003 Anticipated					8,250,000		
					274,161,200	26,283,500	41,996,600
Payable in United States Dollars:							
1987/2007	AF	100,000,000	11⅝	2	18,251,300	3,140,000	
1989/2019	AG	150,000,000	9	1½	21,195,000	3,532,500	
1990/2020	AH	150,000,000	9⅞	½	23,255,600	1,177,500	
1990/2020	AJ	150,000,000	10	½	23,550,000	1,177,500	
1991/2021	AK	200,000,000	9	½	28,260,000	1,570,000	
1992/2022	AM	200,000,000	8.65	½	27,161,000	1,570,000	
1993/2023	AN	200,000,000	7.32	¾	22,984,800	2,355,000	
					164,657,700	14,522,500	

EXHIBIT XII

ESTIMATED INTEREST AND DEBT RETIREMENT 2002-03 (Cont'd)

Term	Series	Amount Outstanding	Interest Rate	Sinking Fund Rate	Interest	Sinking Fund	Debt Redemption
			%	%	$	$	$
Payable in Swiss Francs:							
1991/2003	S7	150,000,000	7	2	9,765,000	2,191,700	
1997/2002	S8	150,000,000	3¼	-	4,533,800		139,500,000
					14,298,800	2,191,700	139,500,000
					453,117,700	42,997,700	181,496,600
Canada Pension Plan: (20 Year Term)							
1982/83	3A	52,104,000	12.01-16.53	-	4,806,600		
1983/84	3A	50,738,000	10.92-12.14	-	5,882,300		
1984/85	3A	47,146,000	12.08-14.06	-	6,303,100		
1985/86	3A	50,570,000	10.58-12.57	-	5,806,900		
1986/87	3A	59,659,000	9.04-10.17	-	5,735,200		
1987/88	3A	43,829,000	9.12-11.07	-	4,280,400		
1988/89	3A	41,635,000	9.62-10.39	-	4,196,400		
1989/90	3A	45,188,000	9.15-10.31	-	4,475,100		
1990/91	3A	40,432,000	9.78-11.33	-	4,385,400		
1991/92	3A	40,858,000	9.81-10.04	-	4,052,800		
1992/93	3A	28,770,000	9.17- 9.45	-	2,695,300		
1998/99	3A	1,827,000	5.97	-	109,100		
1999/00	3A	35,282,000	5.89-7.02	-	2,248,100		
2000/01	3A	42,645,000	6.41-6.90	-	2,851,100		
2001/02 Anticipated					3,518,300		
2002/03 Anticipated					1,219,400		
					62,565,500		
TOTAL					515,683,200	42,997,700	181,496,600

AVERAGE EXCHANGE RATES USED IN CONVERSION

U.S..... 1.5700 Cdn.
S.F. ..... 0.9300 Cdn.

EXHIBIT XIII

DETAILS OF CAPITAL EXPENDITURES

ESTIMATES 2002-03

ACTIVITY NO.	DETAILS	GROSS EXPENDITURE	RELATED REVENUE	NET EXPENDITURE
		$	$	$
CONSOLIDATED FUND SERVICES				
1.2.01	Recoveries on Loans, Advances and Investments	-	13,962,900	(13,962,900)
1.3.01	Various Facilities - Rental Purchase	89,500	-	89,500
1.4.02	Issues Under Guarantee (Statutory)	500,000	1,000	499,000
TOTAL		589,500	13,963,900	(13,374,400)
GOVERNMENT SERVICES AND LANDS				
4.1.05	Land Development	274,100	1,250,000	(975,900)
TOTAL		274,100	1,250,000	(975,900)
WORKS, SERVICES AND TRANSPORTATION				
2.2.05	Salt Storage Sheds	300,000	-	300,000
2.2.06	Alterations - Leased Accommodations	75,000	-	75,000
2.3.03	Heavy Equipment	3,500,000	125,000	3,375,000
3.2.01	Administrative Support - Road Construction	449,500	-	449,500
3.2.02	Pre-Engineering - Road Construction	650,000	-	650,000
3.2.03	Improvement and Construction - Provincial Roads	24,600,000	2,600,000	22,000,000
3.2.04	Highways - Transportation Initiative	23,400,000	23,400,000	-
3.2.05	Regional Roads - Transportation Initiative	11,300,000	11,300,000	-
3.2.06	Trans Labrador Highway	20,800,000	20,800,000	-
3.2.07	Strategic Highway Infrastructure Program	2,100,000	1,050,000	1,050,000
3.2.08	Land Acquisition	2,000,000	-	2,000,000
3.3.01	Alterations and Improvements to Existing Facilities	6,350,000	75,000	6,275,000
3.3.02	Development of New Facilities	1,280,000	-	1,280,000
3.3.03	Advanced Planning - Studies	100,000	-	100,000
3.3.04	Realty Services	40,000	-	40,000
4.1.03	Airstrips	500,000	500,000	-
4.2.04	Ferry Terminals	4,025,000	2,200,000	1,825,000
4.2.05	Ferry Vessels	4,091,100	-	4,091,100
TOTAL		105,560,600	62,050,000	43,510,600
FISHERIES AND AQUACULTURE				
2.1.03	Fisheries Facilities	100,000	40,000	60,000
TOTAL		100,000	40,000	60,000
FOREST RESOURCES AND AGRIFOODS				
2.1.04	Resource Roads Construction	2,800,000	-	2,800,000
3.1.03	Land Development	500,000	-	500,000
TOTAL		3,300,000	-	3,300,000
INDUSTRY, TRADE AND RURAL DEVELOPMENT				
4.1.04	Comprehensive Economic Development	3,241,000	2,268,700	972,300
4.2.04	Economic Development and Fisheries Adjustment Agreement	214,000	-	214,000
4.3.02	Strategic Enterprise Development Fund	2,621,500	3,500,000	(878,500)
TOTAL		6,076,500	5,768,700	307,800

EXHIBIT XIII

DETAILS OF CAPITAL EXPENDITURES

ESTIMATES 2002-03

ACTIVITY NO.	DETAILS	GROSS EXPENDITURE	RELATED REVENUE	NET EXPENDITURE
		$	$	$
TOURISM, CULTURE AND RECREATION				
3.1.06	Newfoundland and Labrador Film Development Corporation	1,000,000	-	1,000,000
3.1.07	Support for Cultural Activities	200,000	-	200,000
3.1.08	Historic Sites Development	110,000	10,000	100,000
4.1.02	Park Development	250,000	-	250,000
4.1.03	National Parks	5,000	2,500	2,500
6.1.02	Community Sports Facilities	227,000	-	227,000
TOTAL		1,792,000	12,500	1,779,500
EDUCATION				
2.1.08	Newfoundland and Labrador Education Investment Corporation	1,550,000	-	1,550,000
3.2.02	Provincial Information and Library Resources	120,000	-	120,000
TOTAL		1,670,000	-	1,670,000
HEALTH AND COMMUNITY SERVICES				
3.3.01	Furnishings and Equipment	1,000,000	-	1,000,000
3.3.02	Health Care Facilities	34,163,100	3,050,000	31,113,100
TOTAL		35,163,100	3,050,000	32,113,100
MUNICIPAL AND PROVINCIAL AFFAIRS				
3.2.01	Municipal Infrastructure	34,127,000	-	34,127,000
3.2.02	Canada-Newfoundland Infrastructure Program	18,875,000	18,721,000	154,000
3.2.03	Water and Sewer Servicing - Coastal Labrador	9,618,300	8,099,300	1,519,000
4.1.03	Disaster Assistance	2,000,000	3,277,600	(1,277,600)
4.1.04	Joint Emergency Preparedness Projects	100,000	100,000	-
TOTAL		64,720,300	30,197,900	34,522,400
YOUTH SERVICES AND POST-SECONDARY EDUCATION				
3.1.05	Skills Training Projects - Offshore Fund	300,000	225,000	75,000
3.2.02	Physical Plant and Equipment - Memorial University	4,696,600	2,000,000	2,696,600
3.3.02	Physical Plant and Equipment - College of the North Atlantic	915,000	-	915,000
TOTAL		5,911,600	2,225,000	3,686,600
TOTAL: CAPITAL ACCOUNT EXPENDITURES		225,157,700	118,558,000	106,599,700

EXHIBIT XIV

DETAILS OF TANGIBLE CAPITAL ASSET ACQUISITIONS

ESTIMATES 2002-03

ACTIVITY NO.	DETAILS	GROSS EXPENDITURE $
EXECUTIVE COUNCIL		
3.1.03	Budgeting and Systems	611,600
TOTAL		611,600
GOVERNMENT SERVICES AND LANDS		
3.1.02	Driver Examinations and Weigh Scale Operations	30,000
3.1.03	Licence and Registration Processing	504,500
3.1.04	National Safety Code	80,000
3.2.01	Support Services - Permitting and Inspection Services	20,000
TOTAL		634,500
WORKS, SERVICES AND TRANSPORTATION		
2.2.05	Salt Storage Sheds	225,000
2.3.03	Heavy Equipment	3,500,000
3.2.01	Administrative Support - Road Construction	449,500
3.2.03	Improvement and Construction - Provincial Roads	22,000,000
3.2.04	Highways - Transportation Initiative	21,400,000
3.2.05	Regional Roads - Transportation Initiative	10,300,000
3.2.06	Trans Labrador Highway	19,100,000
3.2.07	Strategic Highway Infrastructure Program	2,100,000
3.2.08	Land Acquisition	2,000,000
3.3.01	Alterations and Improvements to Existing Facilities	5,700,000
3.3.02	Development of New Facilities	1,130,000
4.1.03	Airstrips	470,000
4.2.04	Ferry Terminals	4,025,000
4.2.05	Ferry Vessels	2,600,000
TOTAL		94,999,500
ENVIRONMENT		
2.2.01	Water Resources Management	165,000
TOTAL		165,000
FOREST RESOURCES AND AGRIFOODS		
2.1.04	Resource Roads Construction	2,600,000
3.1.03	Land Development	300,000
TOTAL		2,900,000
INDUSTRY, TRADE AND RURAL DEVELOPMENT		
4.1.04	Comprehensive Economic Development	3,241,000
TOTAL		3,241,000
MINES AND ENERGY		
2.1.01	Geological Survey	76,200
TOTAL		76,200

EXHIBIT XIV

DETAILS OF TANGIBLE CAPITAL ASSET ACQUISITIONS

ESTIMATES 2002-03

ACTIVITY NO.	DETAILS	GROSS EXPENDITURE
		$
TOURISM, CULTURE AND RECREATION		
1.2.02	Administrative Support	109,400
5.1.01	Administration and Endangered Species	187,200
TOTAL		296,600
HEALTH AND COMMUNITY SERVICES		
3.3.01	Furnishings and Equipment - Health Care Facilities and Equipment	1,000,000
3.3.02	Health Care Facilities	33,920,100
TOTAL		34,920,100
HUMAN RESOURCES AND EMPLOYMENT		
1.2.02	Administrative Support	1,911,700
TOTAL		1,911,700
JUSTICE		
4.1.01	Royal Newfoundland Constabulary	295,400
4.2.01	Adult Corrections	80,700
TOTAL		376,100
MUNICIPAL AND PROVINCIAL AFFAIRS		
1.2.02	Administrative Support	150,900
TOTAL		150,900
YOUTH SERVICES AND POST-SECONDARY EDUCATION		
3.3.02	Physical Plant and Equipment - College of the North Atlantic	615,000
TOTAL		615,000
TOTAL: TANGIBLE CAPITAL ASSET ACQUISITIONS		140,898,200

Note: This schedule represents the estimated acquisition of tangible capital assets as defined by the Canadian Institute of Chartered Accountants and disclosed in the Public Accounts of the Province. These amounts are included in the gross current and capital accounts presented in these Estimates.